# KT&G Corporation

Interim separate financial statements
for each of the three-month periods ended March 31, 2026 and 2025
with the independent auditor's review report

KT&G Corporation

## Table of contents

**Report on review of interim separate financial statements**

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# Report on review of interim separate financial statements

(English translation of a report originally issued in Korean)

**The Shareholders and Board of Directors**
**KT&G Corporation**

We have reviewed the accompanying interim separate financial statements of KT&G Corporation (the "Company"), which comprise the interim separate statement of financial position as of March 31, 2026, and the related interim separate statements of comprehensive income, interim separate statements of changes in equity and interim separate statements of cash flows for each of the three-month periods ended March 31, 2026 and 2025 and a summary of material accounting policy information and other explanatory information.

## Management's responsibility for the interim separate financial statements

Management is responsible for the preparation and presentation of these interim separate financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("KSA") and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

**Other matters**

We have audited the separate statement of financial position as of December 31, 2025, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 4, 2026 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2025, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

EY Han Young

May 8, 2026

| |
|---|
| This review report is effective as of May 8, 2026, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim separate financial statements and may result in modifications to this review report. |

# KT&G Corporation

## Interim separate financial statements

**for each of the three-month periods ended March 31, 2026 and 2025**

"The accompanying interim separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company."

Kyung-Man Bang
Chief Executive Officer
KT&G Corporation

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# KT&G Corporation

## Interim separate statements of financial position

**As of March 31, 2026 (unaudited) and December 31, 2025**

| *(in millions of Korean won)* | Notes | | March 31, 2026 | | December 31, 2025 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 24,25 | ₩ | 138,818 | ₩ | 134,151 |
| Current other financial assets | 24,25 | | 132,227 | | 130,600 |
| Current financial assets measured at fair value through profit or loss | 24,25 | | 150,200 | | - |
| Trade and other receivables | 5,18,23,24 | | 2,281,382 | | 2,043,849 |
| Derivative assets | 24,25 | | 2,529 | | 4,965 |
| Inventories | 6 | | 1,317,813 | | 1,358,973 |
| Refund assets and others | | | 316 | | 458 |
| Accrued tobacco excise tax and others | | | 277,136 | | 282,049 |
| Advanced payments | | | 2,164 | | 1,464 |
| Prepaid expenses | | | 48,747 | | 50,332 |
| Assets held for sale | 13 | | 33,622 | | 41,298 |
| **Total current assets** | | | 4,384,954 | | 4,048,139 |
| **Non-current assets** | | | | | |
| Long-term other financial assets | 24,25 | | 38,020 | | 38,017 |
| Long-term deposits in MSA Escrow Fund | 24,25 | | 1,744,961 | | 1,676,086 |
| Long-term financial assets measured at fair value through profit or loss | 24,25 | | 298,490 | | 331,578 |
| Long-term trade and other receivables | 5,23,24 | | 422,810 | | 381,300 |
| Long-term financial assets measured at fair value through other comprehensive income or loss | 24 | | 108,654 | | 156,107 |
| Investments in associates and joint ventures | 7,23,25 | | 775,985 | | 776,062 |
| Investments in subsidiaries | 8,23,25 | | 1,779,713 | | 1,772,866 |
| Property, plant and equipment | 9,23,25 | | 1,430,337 | | 1,392,756 |
| Intangible assets | 10 | | 139,185 | | 138,263 |
| Investment properties | 11,25 | | 558,108 | | 556,096 |
| Right-of-use assets | 12 | | 17,674 | | 18,796 |
| Long-term prepaid expenses | | | 26,404 | | 21,735 |
| Deferred income tax assets | 22 | | - | | 21,123 |
| Net defined benefit assets | 16 | | 22,387 | | 35,368 |
| **Total non-current assets** | | | 7,362,728 | | 7,316,153 |
| **Total assets** | | ₩ | 11,747,682 | ₩ | 11,364,292 |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Short-term borrowings | 14,24,25 | ₩ | 195,000 | ₩ | 300,000 |
| Current portion of bonds | 15,24 | | 329,821 | | 329,742 |
| Trade and other payables | 23,24 | | 1,747,922 | | 1,227,066 |
| Derivative liabilities | 24,25 | | 23,485 | | 8,540 |
| Current lease liabilities | 23,24 | | 7,020 | | 6,918 |
| Advance receipts | 18 | | 82,892 | | 22,523 |
| Current refund liabilities and provisions | 17 | | 11,320 | | 9,700 |
| Current income tax liabilities | 22 | | 139,276 | | 183,079 |
| Tobacco excise tax payables and others | | | 506,853 | | 545,951 |
| **Total current liabilities** | | | 3,043,589 | | 2,633,519 |
| **Non-current liabilities** | | | | | |
| Long-term bonds | 15,24 | | 931,189 | | 907,350 |
| Long-term trade and other payables | 23,24 | | 266,960 | | 257,545 |
| Long-term lease liabilities | 23,24 | | 10,443 | | 11,514 |
| Long-term advance receipts | 18 | | 2,329 | | 2,460 |
| Long-term refund liabilities and provisions | 17 | | 3,353 | | 3,563 |
| Deferred income tax liabilities | 22 | | 40,806 | | - |
| **Total non-current liabilities** | | | 1,255,080 | | 1,182,432 |
| **Total liabilities** | | ₩ | 4,298,669 | ₩ | 3,815,951 |

# KT&G Corporation
## Interim separate statements of financial position, continued
**As of March 31, 2026 (unaudited) and December 31, 2025**

| *(in millions of Korean won)* | Notes | | March 31, 2026 | | December 31, 2025 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | | ₩ | 954,959 | ₩ | 954,959 |
| Other capital surplus | | | 4,619 | | 5,628 |
| Treasury shares | | | (639,654) | | (835,255) |
| Gain on disposal of treasury shares | | | 530,357 | | 529,633 |
| Other Components of Equity | | | 11,183 | | 15,433 |
| Retained earnings | | | 6,587,549 | | 6,877,943 |
| **Total equity** | | ₩ | 7,449,013 | ₩ | 7,548,341 |
| **Total liabilities and equity** | | ₩ | 11,747,682 | ₩ | 11,364,292 |

*The accompanying notes are an integral part of the interim separate financial statements.*

# KT&G Corporation

## Interim separate statements of comprehensive income

**For each of the three-month periods ended March 31, 2026 and 2025 (unaudited)**

| *(in millions of Korean won)* | Notes | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|---|
| **Sales** | 4,23 | ₩ | 1,014,002 | ₩ | 917,225 |
| Manufacture of tobacco | | | 831,830 | | 745,740 |
| Real estate | 18 | | 118,439 | | 92,507 |
| Exports of leaf tobacco and others | | | 63,733 | | 78,978 |
| **Cost of sales** | 23 | | (552,373) | | (459,593) |
| Manufacture of tobacco | | | (436,189) | | (341,876) |
| Real estate | 18 | | (86,608) | | (65,001) |
| Exports of leaf tobacco and others | | | (29,576) | | (52,716) |
| **Gross profit** | | | 461,629 | | 457,632 |
| Selling, general and administrative expense | 19,23 | | (206,503) | | (258,600) |
| **Operating profit** | | | 255,126 | | 199,032 |
| Other income | 20,23,24 | | 188,227 | | 64,764 |
| Other expense | 20,23,24 | | (80,439) | | (33,261) |
| Finance income | 21,23,24 | | 125,263 | | 47,192 |
| Finance costs | 21,23,24 | | (23,479) | | (13,286) |
| **Profit before income tax** | | | 464,698 | | 264,441 |
| Income tax expense | 22 | | (99,056) | | (56,808) |
| **Profit for the period** | | ₩ | 365,642 | ₩ | 207,633 |
| **Other comprehensive income (loss) for the year after income tax** | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Re-measurements of net defined benefit liabilities | | ₩ | (1,703) | ₩ | 234 |
| Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income or loss | | | 13,205 | | (1,639) |
| | | | 11,502 | | (1,405) |
| **Total comprehensive income for the period** | | ₩ | 377,144 | ₩ | 206,228 |
| **Earnings per share** | | | | | |
| Basic and diluted *(in Korean won)* | | ₩ | 3,523 | ₩ | 1,925 |

*The accompanying notes are an integral part of the interim separate financial statements.*

# KT&G Corporation
## Interim separate statements of changes in equity
### For each of the three-month periods ended March 31, 2026 and 2025 (unaudited)

| *(in millions of Korean won)* | Share capital | Other capital surplus | Treasury shares | Gains on disposal of treasury shares | Other Components of Equity | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2025** | ₩ 954,959 | ₩ 5,028 | ₩ (1,030,541) | ₩ 529,029 | ₩ (32,617) | ₩ 7,281,638 | ₩ 7,707,496 |
| **Total comprehensive income (loss) for the period** | | | | | | | |
| Profit for the period | - | - | - | - | - | 207,633 | 207,633 |
| **Other comprehensive income (loss) for the period:** | | | | | | | |
| Re-measurements of net defined benefit liabilities | - | - | - | - | - | 234 | 234 |
| Loss on valuation of financial assets measured at fair value through other comprehensive income or loss | - | - | - | - | (1,639) | - | (1,639) |
| **Other comprehensive income (loss) for the period:** | - | - | - | - | (1,639) | 234 | (1,405) |
| **Total comprehensive income for the period** | - | - | - | - | (1,639) | 207,867 | 206,228 |
| **Transactions with owners of the Company:** | | | | | | | |
| Dividends | - | - | - | - | - | (453,069) | (453,069) |
| Retirement of treasury shares | - | - | 194,258 | - | - | (194,258) | - |
| Share-based payment | - | (913) | 1,030 | 778 | - | - | 895 |
| **Total transactions with owners of the Company** | - | (913) | 195,288 | 778 | - | (647,327) | (452,174) |
| **Balance as of March 31, 2025** | ₩ 954,959 | ₩ 4,115 | ₩ (835,253) | ₩ 529,807 | ₩ (34,256) | ₩ 6,842,178 | ₩ 7,461,550 |
| **Balance as of January 1, 2026** | ₩ 954,959 | ₩ 5,628 | ₩ (835,255) | ₩ 529,633 | ₩ 15,433 | ₩ 6,877,943 | ₩ 7,548,341 |
| **Total comprehensive income (loss) for the period** | | | | | | | |
| Profit for the period | - | - | - | - | - | 365,642 | 365,642 |
| **Other comprehensive income (loss) for the period:** | | | | | | | |
| Re-measurements of net defined benefit liabilities | - | - | - | - | - | (1,703) | (1,703) |
| Gain on valuation of financial assets measured at fair value through other comprehensive income or loss | - | - | - | - | 13,205 | - | 13,205 |
| Gain or loss on disposal of financial assets measured at fair value through other comprehensive income transferred to retained earnings | - | - | - | - | (17,455) | 17,455 | - |
| **Other comprehensive income (loss) for the period** | - | - | - | - | (4,250) | 15,752 | 11,502 |
| **Total comprehensive income for the period** | - | - | - | - | (4,250) | 381,394 | 377,144 |
| **Transactions with owners of the Company:** | | | | | | | |
| Dividends | - | - | - | - | - | (477,530) | (477,530) |
| Retirement of treasury shares | - | - | 194,258 | - | - | (194,258) | - |
| Share-based payment | - | (1,009) | 1,343 | 724 | - | - | 1,058 |
| **Total transactions with owners of the Company** | - | (1,009) | 195,601 | 724 | - | (671,788) | (476,472) |
| **Balance as of March 31, 2026** | ₩ 954,959 | ₩ 4,619 | ₩ (639,654) | ₩ 530,357 | ₩ 11,183 | ₩ 6,587,549 | ₩ 7,449,013 |

*The accompanying notes are an integral part of the interim separate financial statements.*

# KT&G Corporation
## Interim separate statements of cash flows
**For each of the three-month periods ended March 31, 2026 and 2025 (unaudited)**

| *(in millions of Korean won)* | Notes | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | ₩ | 227,215 | ₩ | 149,317 |
| Cash generated from operations | 26 | | 313,063 | | 224,806 |
| Income taxes paid | | | (85,848) | | (75,489) |
| **Cash flows from investing activities** | | | (109,082) | | (298,124) |
| Interest received | | | 53,942 | | 8,540 |
| Dividends received | | | 34,001 | | 14,952 |
| Decrease in current financial assets measured at fair value through profit or loss | | | - | | 19,969 |
| Decrease in long-term financial assets measured at fair value through profit or loss | | | 8,374 | | 1,183 |
| Decrease in financial assets measured at fair value through other comprehensive income or loss | | | 65,667 | | - |
| Disposal of property, plant and equipment | | | 1,198 | | 371 |
| Disposal of intangible assets | | | 1,451 | | 3,652 |
| Disposal of investment properties | | | - | | 105 |
| Disposal of investments in associates | | | 73 | | - |
| Disposal of assets held for sale | | | 10,000 | | - |
| Collection of loans | | | 4,547 | | 5,510 |
| Collection of guarantee deposits | | | 41 | | 45 |
| Increase in other financial assets | | | (2) | | (37,880) |
| Increase in current financial assets measured at fair value through profit or loss | | | (119,727) | | (4,294) |
| Increase in long-term financial assets measured at fair value through profit or loss | | | (5,643) | | (9,219) |
| Acquisition of property, plant and equipment | | | (35,320) | | (48,014) |
| Acquisition of intangible assets | | | (11,925) | | (5,835) |
| Acquisition of investment properties | | | (673) | | (42) |
| Acquisition of investments in subsidiaries | | | - | | (67,348) |
| Increase in loans | | | (114,886) | | (179,770) |
| Increase in guarantee deposits | | | (200) | | (49) |
| **Cash flows from financing activities** | | | (119,357) | | (134,911) |
| Interest paid | | | (11,891) | | (12,683) |
| Repayment of lease liabilities | | | (2,466) | | (2,228) |
| Proceeds in short-term borrowings | | | 775,233 | | 805,000 |
| Repayment of short-term borrowings | | | (880,233) | | (925,000) |
| **Net decrease in cash and cash equivalents** | | | (1,224) | | (283,718) |
| **Cash and cash equivalents at the beginning of the period** | | | 134,151 | | 588,812 |
| Effect of exchange rate fluctuation on cash and cash equivalents | | | 5,891 | | (4,893) |
| **Cash and cash equivalents at the end of the period** | | ₩ | 138,818 | ₩ | 300,201 |

*The accompanying notes are an integral part of the interim separate financial statements.*

## 1. Overview of the Company

KT&G Corporation (the "Company") is engaged in manufacturing and selling tobaccos. As of March 31, 2026, the Company has four manufacturing plants, including the Daejeon plant, and 11 local headquarters and 88 branches for the sale of tobacco throughout the country. Also, the Company has the Gimcheon plant for fabrication of leaf tobacco and the Sejong printing plant for manufacturing of packaging material. The headquarters of the Company is located at 71, Beotkkot-gil, Daedeok-gu, Daejeon.

The Company was established as a government-owned enterprise pursuant to the Korea Monopoly Corporation Act on April 1, 1987. On April 1, 1989, the Company changed its name to Korea Tobacco and Ginseng Corporation pursuant to the Korea Tobacco and Ginseng Corporation Act. In order to secure financing and promote efficient management of monopoly business of red ginseng and tobacco, the Company was excluded from the application of Framework Act on the Management of Government-Invested Institutions and became an entity existing and operating under the Commercial Act of Korea, pursuant to the *Act on Improvement of Managerial Structure and Privatization of Public Enterprises*, proclaimed on August 28, 1997, and enforced on October 1, 1997.

The shareholders approved a plan to separate the Company into two companies by setting up a subsidiary for its red ginseng business segment effective from January 1, 1999, pursuant to the Korean government's privatization program and management reorganization plan. The separation into a wholly owned subsidiary, Korea Ginseng Corporation, was accomplished by the Company's contribution of the assets and liabilities in the red ginseng business segment. On December 27, 2002, the Company changed its name again to KT&G Corporation from Korea Tobacco and Ginseng Corporation.

On October 8, 1999, the Company sold 28,650,000 shares of government-owned interest to the public and listed its shares on Korea Exchange. The Company listed 45,400,000 and 35,816,658 shares of Global Depositary Receipts ("GDRs") on Luxembourg Stock Exchange, on October 31, 2001 and on October 17, 2002, respectively (each GDR represents the right to receive one-half ordinary share of the Company). Then on June 25, 2009, the Company changed the trading market for its GDRs from BdL Market to Euro MTF, both within the Luxembourg Stock Exchange.

## 2. Material Accounting Policies

### (1) Basis of Preparation

The interim separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*. The accompanying interim separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The Company's interim separate financial statements should be read in conjunction with its year-end separate financial statements, since the interim separate financial statements do not include all information and notes that are required for the year-end separate financial statements.

For the three-month period ended March 31, 2026, the Company has changed the presentation and classification system of equity items to enhance the understandability and comparability of the financial statements. The reserves distributable for dividends have been reclassified as retained earnings, while other items within reserves have been reclassified as other components of equity. This change in presentation and classification does not affect the total equity or profit for the year. The comparative financial statements presented for the year ended December 31, 2025 have been restated to reflect this change. The adjustments were not due to material errors or changes in accounting policy, and have been reflected appropriately in accordance with KIFRS.

**New and Amended Standards and Interpretations Adopted by the Company**

The Company has not early adopted any standards, interpretations or amendments that have been published but are not yet effective for the reporting period. There are various amendments and interpretations which have been applied for the first time in 2026. As of March 31, 2026, these amendments and interpretations do not have a material impact on the interim separate financial statements.

**2. Material Accounting Policies (cont'd)**

(a) Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* include:

- a clarification that a financial liability is derecognized on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
- additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments; and
- the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

(b) Annual Improvements to KIFRS – Volume 11

The annual improvements to KIFRS – Volume 11 has been issued to enhance consistency of requirements between standards, clarify ambiguous parts and improve understandability.

- KIFRS 1101 First-*time Adoption of KIFRS*: *Hedge accounting by a first-time adopter*
- KIFRS 1107 *Financial Instruments: Disclosures*: *Gain or loss on derecognition and implementation guidance*
- KIFRS 1109 *Financial Instruments*: *Derecognition of lease liabilities and definition of transaction price*
- KIFRS 1110 *Consolidated Financial Statements*: *Determination of a "de facto agent"*
- KIFRS 1007 *Statement of Cash Flows*: *Cost method*

## 2. Material Accounting Policies (cont'd)

(c) Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

Amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity* have been issued. The amendments:

· clarify the application of the "own-use" requirements for in-scope contracts;

· amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and

· add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

### (3) Material Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim separate financial statements are consistent with those of the separate financial statements for the year ended December 31, 2025, except for the changes due to the application of amendment and enactments of standards described in Note 2.(2) and the one described below.

*(a) Income Tax Expense*

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

## 3. Material Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates may not equal the related actual results.

Material accounting estimates and assumptions applied in the preparation of these interim separate financial statements are the same as those applied to the separate financial statements for the year ended December 31, 2025, except for the estimates used to determine the income tax expense.

## 4. Operating Segment

The Company recognizes revenue by transferring goods and services over a period or at a point in time in the major business lines. The categories of major business lines are consistent with the revenue disclosure information per reporting segment in accordance with KIFRS 1108.

| *(in millions of Korean won)* | | | March 31, 2026 | March 31, 2025 |
|---|---|---|---|---|
| Revenue recognized at a point in time: | | | | |
| Sales of tobacco/merchandise and service revenue and others | Korea | Wholesale and retail | ₩ 492,579 | ₩ 511,080 |
| | Korea | Direct sales | 782 | 1,055 |
| | Export | Wholesale and retail | 338,469 | 233,605 |
| Sales of semifinished tobacco products/raw materials and others | Korea | Direct sales | 5,946 | 4,837 |
| | Export | Direct sales | 57,787 | 74,141 |
| Sales and rental of real estate | Korea | Sales | 4,885 | 3,006 |
| Subtotal | | | 900,448 | 827,724 |
| Revenue recognized over time: | | | | |
| Sales and rental of real estate | Korea | Sales | 94,547 | 69,049 |
| | Korea | Rental | 19,007 | 20,452 |
| Subtotal | | | 113,554 | 89,501 |
| Total | | | ₩ 1,014,002 | ₩ 917,225 |

## 5. Trade and Other Receivables

(a) Details of trade and other receivables as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | | December 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | | Non-current | | Current | | Non-current | |
| Trade receivables | ₩ | 1,445,623 | ₩ | 158,789 | ₩ | 1,343,733 | ₩ | 162,782 |
| Loans | | 684,661 | | 222,151 | | 602,095 | | 157,987 |
| Other receivables | | 77,311 | | 11,319 | | 29,020 | | 18,741 |
| Guarantee deposits | | 41,419 | | 24,167 | | 32,901 | | 35,464 |
| Accrued income | | 32,368 | | 6,384 | | 36,100 | | 6,326 |
| Total | ₩ | 2,281,382 | ₩ | 422,810 | ₩ | 2,043,849 | ₩ | 381,300 |

(b) Details of trade and other receivables at a gross amount before deduction of allowances for doubtful accounts and allowances for doubtful accounts therefor as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | | December 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | | Non-current | | Current | | Non-current | |
| Total carrying amount | ₩ | 2,325,278 | ₩ | 539,730 | ₩ | 2,080,195 | ₩ | 505,616 |
| Allowances for doubtful accounts: | | | | | | | | |
| Trade receivables | | (41,314) | | (83,164) | | (34,024) | | (90,126) |
| Other receivables | | (2,582) | | (33,756) | | (2,322) | | (34,190) |
| Total allowances | | (43,896) | | (116,920) | | (36,346) | | (124,316) |
| Net trade and other receivables | ₩ | 2,281,382 | ₩ | 422,810 | ₩ | 2,043,849 | ₩ | 381,300 |

(c) Changes in allowance for doubtful accounts for trade and other receivables for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | March 31, 2025 | |
|---|---|---|---|---|
| Beginning balance | ₩ | 160,662 | ₩ | 141,257 |
| Impairment loss | | 154 | | 28,959 |
| Ending balance | ₩ | 160,816 | ₩ | 170,216 |

Impairment losses (reversal of impairment loss) on trade receivables are included as part of selling, general and administrative expenses while impairment losses (reversal of impairment loss) on other receivables are included as part of other expense (income) in the Company's separate statements of comprehensive income.

## 6. Inventories

(a) Details of inventories as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Acquisition cost | Valuation loss allowance | Carrying amount | Acquisition cost | Valuation loss allowance | Carrying amount |
| Merchandise | ₩ 42,871 | ₩ (8,714) | ₩ 34,157 | ₩ 41,147 | ₩ (7,521) | ₩ 33,626 |
| Finished goods | 151,146 | (6,321) | 144,825 | 121,869 | (6,958) | 114,911 |
| Half-finished goods | 65,931 | - | 65,931 | 52,677 | - | 52,677 |
| Work in progress | 2,495 | - | 2,495 | 4,188 | - | 4,188 |
| Raw materials | 755,855 | (6,620) | 749,235 | 739,030 | (6,981) | 732,049 |
| Materials | 50,046 | - | 50,046 | 52,009 | - | 52,009 |
| Supplies | 77,095 | - | 77,095 | 75,013 | - | 75,013 |
| By-products | 9,834 | - | 9,834 | 9,863 | - | 9,863 |
| Buildings under construction | 65,730 | - | 65,730 | 72,355 | - | 72,355 |
| Completed buildings | 30,510 | (1,574) | 28,936 | 80,694 | (2,837) | 77,857 |
| Sites for construction of real estate | 50,199 | - | 50,199 | 64,248 | - | 64,248 |
| Goods in transit | 39,330 | - | 39,330 | 70,177 | - | 70,177 |
| Total | ₩ 1,341,042 | ₩ (23,229) | ₩ 1,317,813 | ₩ 1,383,270 | ₩ (24,297) | ₩ 1,358,973 |

(b) The amount of loss on valuation (and reversal thereof) and loss on obsolescence of inventories recognized for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | March 31, 2025 |
|---|---|---|
| Cost of sales: | | |
| Impairment loss on valuation of inventories (reversal) | ₩ (59) | ₩ (4,871) |
| Loss on obsolescence of inventories | 3,466 | 1,908 |
| Total | ₩ 3,407 | ₩ (2,963) |

## 7. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of March 31, 2026 and December 31, 2025 are as follows:

*(in millions of Korean won)*

| | | | | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|---|---|---|
| **Type** | **Name of entity** | **Location** | **Principal operation** | **Ownership (%)** | **Carrying amount** | **Ownership (%)** | **Carrying amount** |
| Associates | LitePharmTech Co., Ltd.[1] | Korea | Manufacturing medical supplies | 12.53 | ₩ 1,830 | 12.53 | ₩ 1,830 |
| | KORAMCO Banpo PFV Co., Ltd.[1] | Korea | Real estate investment, development and rental business | 18.95 | 5,306 | 18.95 | 5,306 |
| | KOCREF 41 REIT | Korea | Real estate investment, development and rental business | 26.47 | 39,569 | 26.47 | 39,569 |
| | Cheongna Medipolis PFV Co., Ltd.[2] | Korea | Real estate development and sales | 51.01 | 101,000 | 51.01 | 101,000 |
| | INNODIS Co., Ltd.[1] | Korea | Advertizing agency | 19.64 | 55 | 19.64 | 55 |
| | SJ BIO MED Co., Ltd.[1,3] | Korea | Manufacturing medical devices | 14.39 | - | 14.39 | - |
| | LSK Global Pharma Service Co., Ltd. | Korea | New medicine development | 21.92 | - | 21.92 | - |
| | Mirae Asset KT&G Investment Fund I | Korea | Healthcare, ESG, New growth industry | 45.00 | 18,000 | 45.00 | 18,000 |
| | KB KT&G New Growth Fund 1[4] | Korea | Healthcare, New growth industry | 66.67 | 6,000 | 66.67 | 6,000 |
| Joint ventures | KORAMCO Europe Private REIT 3-2 Fund[5] | Korea | Renting of real estate | 51.35 | 19,890 | 51.35 | 19,890 |
| | Starfield Suwon Inc. | Korea | Real estate development and rental business | 50.00 | 259,500 | 50.00 | 259,500 |
| | ASF International Holding Company AB[5] | Sweden | Holding company | 51.00 | 324,835 | 51.00 | 324,835 |
| | Sangsang Loft Co.,Ltd.[6] | Korea | Real estate development and rental business | - | - | 50.00 | 77 |
| | | Total | | | ₩ 775,985 | | ₩ 776,062 |

[1] The Company has classified the ownership as investment in associates, notwithstanding its ownership percentage below 20%, as the Company determined it has a significant influence over the investees with its right to participate in the investee's Board of Directors meetings in accordance with the agreement with shareholders.

[2] The Company has classified its interests in the entities as investment in associates, as the three-fourths of the Board of Directors' consent is required in making decisions on material financial and operational policies of the investee in accordance with the agreement with shareholders.

[3] As of March 31, 2026, the liquidation procedures are in progress.

[4] Although the percentage of ownership in the investee exceeds 50%, the Company has classified its interests in the entity as investment in associates as the Company does not have control over related activities and has significant influence through participation in investment decision-making authority.

[5] The Company classified its interest in the entities as investment in joint ventures, since unanimous consent from all shareholders is required for making decisions on material financial and operational policies in accordance with the agreement with shareholders.

[6] For the three-month period ended March 31, 2026, the liquidation registration has been completed.

**7. Investments in Associates and Joint Ventures (cont'd)**

For the year ended December 31, 2025, the Company additionally acquired equity securities of Mirae Asset KT&G Investment Fund I (45 shares for ₩ 4,500 million), an associate, through the issuance of new stocks.

For the year ended December 31, 2025, the Company additional invested ₩ 3,000 million in KB KT&G New Growth Fund 1, an associate.

For the year ended December 31, 2025, the Company acquired equity securities of ₩ 271,366 million in ASF International Holding Company AB and disposed of equity securities of ₩ 107,091 million to Altria Ventures Inc. (the "joint investor") in accordance with the shareholders' agreement. In accordance with the shareholders' agreement between the Company and the joint investor, the Company has the right to purchase the joint investor's shares from the point when four years have elapsed after the closing date of the share purchase and new share subscription transactions, while the joint investor has the right to sell its shares in ASF International Holding Company AB to the Company from the point when five years have elapsed after the closing date. The Company added a financial liability of ₩ 160,560 million related to these rights to the acquisition cost of investments in joint ventures.

## 8. Investments in Subsidiaries

(a) Details of investments in subsidiaries as of March 31, 2026 and December 31, 2025 are as follows:

*(in millions of Korean won)*

| Name of entity | Location | Principal operation | March 31, 2026 Ownership (%) | March 31, 2026 Carrying amount | December 31, 2025 Ownership (%) | December 31, 2025 Carrying amount |
|---|---|---|---|---|---|---|
| Korea Ginseng Corporation | Korea | Manufacturing and selling ginseng | 100.00 | ₩ 762,130 | 100.00 | ₩ 762,130 |
| Yungjin Pharm. Co., Ltd. | Korea | Manufacturing and selling pharmaceutical | 52.45 | 73,299 | 52.45 | 73,299 |
| Tae-A Industrial Co., Ltd. | Korea | Manufacturing reconstituted tobacco leaves | 100.00 | 44,309 | 100.00 | 44,309 |
| KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. | Turkiye | Manufacturing and selling tobaccos | 100.00 | 116,731 | 100.00 | 116,731 |
| Korea Tabacos do Brasil Ltda. | Brazil | Assistance with purchasing tobacco leaf | 99.99 | 2,891 | 99.99 | 2,891 |
| KT&G Pars | Iran | Manufacturing and selling tobacco | 99.99 | - | 99.99 | - |
| KT&G Rus L.L.C. | Russia | Manufacturing and selling tobacco | 100.00 | 68,947 | 100.00 | 68,947 |
| KT&G USA Corporation | USA | Selling tobaccos | 100.00 | - | 100.00 | - |
| Cosmocos Co., Ltd. | Korea | Manufacturing and selling cosmetics | 98.56 | 22,759 | 98.56 | 22,759 |
| Renzoluc Pte., Ltd. | Singapore | Other Professional Services | 100.00 | 169,951 | 100.00 | 163,104 |
| PT Trisakti Purwosari Makmur | Indonesia | Manufacturing and selling tobacco | 99.99 | 166,278 | 99.99 | 166,278 |
| SangSang Stay Inc. | Korea | Real estate development and rental business | 100.00 | 32,068 | 100.00 | 32,068 |
| KT&G Global Rus L.L.C. | Russia | Selling tobaccos | 100.00 | 936 | 100.00 | 936 |
| Gwacheon SangSang PFV. Inc | Korea | Real estate development and sales business | 51.00 | 3,570 | 51.00 | 3,570 |
| KT&G Taiwan Corporation | Taiwan | Selling tobaccos | 100.00 | 8,081 | 100.00 | 8,081 |
| Mastern No. 144 PFV Co., Ltd.[1] | Korea | Real estate development and sales business | 92.50 | 11,260 | 92.50 | 11,260 |
| KT&G Global Kazakhstan LLP | Kazakhstan | Selling tobaccos | 100.00 | 18,510 | 100.00 | 18,510 |
| KT&G Kazakhstan LLP | Kazakhstan | Manufacturing and selling tobacco | 100.00 | 213,417 | 100.00 | 213,417 |
| Edn the pine central Seocho Co., Ltd. | Korea | Real estate development and sales business | 78.65 | 36,623 | 78.65 | 36,623 |
| Cheongna Medipolis Development Co., Ltd. | Korea | Real estate service business | 66.67 | 200 | 66.67 | 200 |
| KT&G Global TAS FE LLC | Uzbekistan | Selling tobaccos | 100.00 | 27,753 | 100.00 | 27,753 |
| | Total | | | ₩ 1,779,713 | | ₩ 1,772,866 |

[1] As of March 31, 2026, the Company's equity interests in Mastern No.144 PFV Co. Ltd. are pledged as collateral for a loan of Gwacheon SangSang PFV. Inc and Edn the pine central Seocho Co., Ltd. (see Note 25 (c)).

**8. Investments in Subsidiaries (cont'd)**

For the three-month period ended March 31, 2026, the Company converted its convertible preferred shares of Renzoluc Pte., Ltd. into 6,978,948 common shares at a 1:1 ratio, and additionally acquired 6,139,313 common shares of Renzoluc Pte., Ltd. by converting unpaid dividends into common shares.

For the year ended December 31, 2025, the Company acquired all additional equity securities of PT Trisakti Purwosari Makmur held by Renzoluc Pte., Ltd. for ₩ 165,116 million.

For the year ended December 31, 2025, the Company acquired additional equity securities of ₩ 39,595 million of KT&G Kazakhstan LLP through issuance of new stocks.

For the year ended December 31, 2025, the Company disposed of its entire shareholding in DNC Deogeun Co., Ltd. and recognized loss on disposal of investments in subsidiaries of ₩ 675 million.

For the year ended December 31, 2025, the Company acquired ₩ 27,753 million of KT&G Global TAS FE LLC through investment establishment.

(b) Impairment

The Company conducts a review of impairment indicators for investments in subsidiaries and, if there is an indicator, the Company estimates the recoverable amount and performs an impairment test.

For each of the three-month periods ended March 31, 2026 and 2025, the Company has not recognized impairment losses for its investment in subsidiaries where impairment indicators have been identified, such as the book value of net assets being lower than the book value of investments due to continuous accumulation of operating losses, etc.

## 9. Property, Plant and Equipment

Changes in property, plant and equipment for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 1,392,756 | ₩ | 1,505,680 |
| Acquisition[1] | | 31,437 | | 48,471 |
| Disposal/Impairment | | (675) | | (128) |
| Depreciation | | (31,304) | | (27,109) |
| Reclassification[2] | | 38,123 | | 13 |
| Ending balance | ₩ | 1,430,337 | ₩ | 1,526,927 |

[1] For the three-month period ended March 31, 2026, ₩ 757 million (for the three-month period ended March 31, 2025: ₩ 3,756 million) of capitalized borrowing costs for property, plant and equipment that are qualifying assets are included. The rate used to calculate capitalizable borrowing costs is 4.2% (for the three-month period ended March 31, 2025: 3.9%~4.0%).

[2] Including ₩ 6,708 million transfers to investment properties and ₩ 44,831 million transfers from inventories for the three-month period ended March 31, 2026, and ₩ 13 million of transfers from investment properties for the three-month period ended March 31, 2025.

## 10. Intangible Assets

Changes in intangible assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 138,263 | ₩ | 132,821 |
| Acquisition | | 8,505 | | 4,275 |
| Disposal/Impairment | | (1,802) | | (4,088) |
| Amortization | | (5,781) | | (5,804) |
| Ending balance | ₩ | 139,185 | ₩ | 127,204 |

## 11. Investment Properties

Changes in investment properties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 556,096 | ₩ | 741,435 |
| Acquisition[1] | | 673 | | 42 |
| Depreciation | | (5,369) | | (6,541) |
| Reclassification[2] | | 6,708 | | (14,513) |
| Ending balance | ₩ | 558,108 | ₩ | 720,423 |

[1] For the three-month period ended March 31, 2026, ₩ 11 million (for the three-month period ended March 31, 2025: ₩ 31 million) of capitalized borrowing costs for investment properties that are qualifying assets are included. The rate used to calculate capitalizable borrowing costs is 4.2% (for the three-month period ended March 31, 2025: 3.9%~4.0%).

[2] Consisting of ₩ 6,708 million of transfers from property, plant and equipment for the three-month period ended March 31, 2026, and ₩ 13 million of transfers to property, plant and equipment and ₩ 14,500 million of transfers to inventories for the three-month period ended March 31, 2025.

## 12. Right-of-use Assets

Changes in right-of-use assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 18,796 | ₩ | 21,440 |
| Acquisition | | 4,039 | | 1,666 |
| Disposal | | (2,234) | | (285) |
| Depreciation | | (2,927) | | (2,742) |
| Ending balance | ₩ | 17,674 | ₩ | 20,079 |

## 13. Assets held for sale

Changes in Assets held for sale for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 41,298 | ₩ | - |
| Disposal | | (7,676) | | - |
| Ending balance | ₩ | 33,622 | ₩ | - |

## 14. Borrowings

Details of short-term borrowings as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | Lender | Annual interest rate (%) | March 31, 2026 | December 31, 2025 |
|---|---|---|---|---|
| Limit loan | Hana Bank | FTP(6 months)+0.69 | ₩ - | ₩ 200,000 |
| | NH Nonghyup Bank | MOR(3 months)+1.00 | 95,000 | 100,000 |
| | Shinhan Bank | MOR(6 months)+1.22 | 100,000 | - |
| | Total | | ₩ 195,000 | ₩ 300,000 |

## 15. Bonds

Details of bond as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | Issuance Date | Maturity | Annual interest rate (%) | March 31, 2026 | December 31, 2025 |
|---|---|---|---|---|---|
| 2-2nd non-guarantee public bonds | 2023.09.13 | 2026.09.11 | 4.322 | ₩ 200,000 | ₩ 200,000 |
| 3-1st non-guarantee public bonds | 2024.04.25 | 2026.04.24 | 3.624 | 50,000 | 50,000 |
| 3-2nd non-guarantee public bonds | 2024.04.25 | 2027.04.23 | 3.763 | 150,000 | 150,000 |
| 3-3rd non-guarantee public bonds | 2024.04.25 | 2029.04.25 | 3.808 | 100,000 | 100,000 |
| 4-1st non-guarantee public bonds | 2024.10.08 | 2026.10.08 | 3.218 | 80,000 | 80,000 |
| 4-2nd non-guarantee public bonds | 2024.10.08 | 2027.10.08 | 3.306 | 160,000 | 160,000 |
| 4-3rd non-guarantee public bonds | 2024.10.08 | 2029.10.08 | 3.335 | 70,000 | 70,000 |
| Senior unsecured notes denominated in foreign currency | 2025.05.02 | 2028.05.02 | 5.000 | 454,020 | 430,470 |
| | Subtotal | | | 1,264,020 | 1,240,470 |
| | Discount | | | -3,010 | -3,378 |
| | Total | | | ₩ 1,261,010 | ₩ 1,237,092 |
| Current | | | | ₩ 329,821 | ₩ 329,742 |
| Non-current | | | | 931,189 | 907,350 |
| | Total | | | ₩ 1,261,010 | ₩ 1,237,092 |

## 16. Employee Benefits

(a) Details of profits or losses recognized related to employee benefits for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | March 31, 2025 | |
|---|---|---|---|---|
| Defined benefit plans: | | | | |
| Current service cost | ₩ | 7,429 | ₩ | 8,133 |
| Net interest on net defined benefit liabilities (assets) | | (363) | | (67) |
| Subtotal | | 7,066 | | 8,066 |
| Defined contribution plan: | | | | |
| Contributions recognized as expense | | 3,101 | | 2,506 |
| Other long-term employee benefits: | | | | |
| Current service cost, etc. | | 1,640 | | 1,479 |
| Termination benefits: | | | | |
| Voluntary retirements, etc. | | 2,446 | | 57,698 |
| Total | ₩ | 14,253 | ₩ | 69,749 |

(b) Details of net defined benefit liabilities (assets) as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| Present value of defined benefit obligations | ₩ | 385,158 | ₩ | 384,066 |
| Fair value of plan assets | | (407,545) | | (419,434) |
| Total | ₩ | (22,387) | ₩ | (35,368) |

## 17. Refund Liabilities and Provisions

(a) Details of refund liabilities and provisions as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Provision for product warranty | ₩ 6,087 | ₩ - | ₩ 3,853 | ₩ - |
| Refund liabilities | 5,111 | 3,162 | 5,723 | 3,412 |
| Provision for site restoration | 37 | 171 | 37 | 111 |
| Provision for financial guarantee | 85 | 20 | 87 | 40 |
| Total | ₩ 11,320 | ₩ 3,353 | ₩ 9,700 | ₩ 3,563 |

(b) Changes in refund liabilities and provisions for each of the three-month periods ended March 31, 2026 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | |
|---|---|---|---|---|
| | Beginning balance | Increase | Decrease | Ending balance |
| Provision for product warranty | ₩ 3,853 | ₩ 3,884 | ₩ (1,650) | ₩ 6,087 |
| Refund liabilities | 9,135 | - | (862) | 8,273 |
| Provision for site restoration | 148 | 60 | - | 208 |
| Provision for financial guarantee | 127 | - | (22) | 105 |
| Provision for greenhouse gases | - | - | - | - |
| Total | ₩ 13,263 | ₩ 3,944 | ₩ (2,534) | ₩ 14,673 |

| *(in millions of Korean won)* | March 31, 2025 | | | |
|---|---|---|---|---|
| | Beginning balance | Increase | Decrease | Ending balance |
| Provision for product warranty | ₩ 6,194 | ₩ 1,690 | ₩ (1,733) | ₩ 6,151 |
| Refund liabilities | 9,219 | - | (1,754) | 7,465 |
| Provision for site restoration | 170 | - | - | 170 |
| Provision for financial guarantee | 46 | - | (5) | 41 |
| Provision for greenhouse gases | 13 | 13 | (26) | - |
| Total | ₩ 15,642 | ₩ 1,703 | ₩ (3,518) | ₩ 13,827 |

## 18. Real Estate Pre-sales Contracts

(a) Details of ongoing real estate pre-sale contracts for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

*(in millions of Korean won)*

| | | | | March 31, 2026 | | | | |
|---|---|---|---|---|---|---|---|---|
| Construction project | Initial sales contract date | Expected completion date | Progress (%) | Total sales value[1] | Total sales contract value | Revenue (cumulative)[2] | Revenue (period)[3] | Cost (cumulative)[4] |
| Suwon Hwaseo Prugio Briciel | Jun. 2020 | Sep. 2023 | 100.00 | ₩ 803,056 | ₩ 747,970 | ₩ 747,946 | ₩ - | ₩ 338,101 |
| ePyeonhansesang Daejeon station Centum Vista | Dec. 2022 | May. 2026 | 91.57 | 212,889 | 192,719 | 175,484 | 6,720 | 160,690 |
| Elif Mia station Complex 1 | May. 2023 | Aug. 2026 | 81.35 | 61,562 | 44,907 | 36,334 | 2,588 | 28,969 |
| Elif Mia station Complex 2 | May. 2023 | Aug. 2026 | 79.01 | 155,141 | 109,786 | 86,437 | 7,374 | 68,209 |
| ePyeonhansesang Pyeongchon Urban Valley | Apr. 2024 | Oct. 2026 | 70.23 | 399,869 | 397,970 | 278,152 | 30,253 | 172,569 |
| Digital Empire Pyeongchon Biz Valley | Apr. 2024 | Mar. 2027 | 65.43 | 348,222 | 338,258 | 187,805 | 43,115 | 168,053 |
| Anyang-dong Mixed-Use apartment building | Jan. 2025 | May. 2026 | 86.69 | 42,044 | 41,574 | 36,042 | 4,497 | 32,163 |
| | Total | | | ₩ 2,022,783 | ₩ 1,873,184 | ₩ 1,548,200 | ₩ 94,547 | ₩ 968,754 |

[1] Including the expected sales value for commercial buildings and efficiency apartments that are scheduled to be recognized as sales at a point in time when the construction is completed and control of the goods is transferred to the customer.

[2] Presenting the amount after deducting prepayment discounts, etc. from the total sales contract value.

[3] Excluding the revenue of ₩ 4,885 million recognized as sales at a point when the construction is completed and control of the goods is transferred to the customer for the three-month period ended March 31, 2026.

[4] Excluding cumulative costs of ₩ 310,670 million for common infrastructure (see Note 25 (d)).

*(in millions of Korean won)*

| | | | | March 31, 2025 | | | | |
|---|---|---|---|---|---|---|---|---|
| Construction project | Initial sales contract date | Expected completion date | Progress (%) | Total sales value[1] | Total sales contract value | Revenue (cumulative)[2] | Revenue (period)[3] | Cost (cumulative)[4] |
| Suwon Hwaseo Prugio Briciel | Jun. 2020 | Sep. 2023 | 100.00 | ₩ 803,056 | ₩ 747,970 | ₩ 747,946 | ₩ - | ₩ 338,101 |
| ePyeonhansesang Daejeon station Centum Vista | Dec. 2022 | May. 2026 | 64.98 | 226,951 | 192,719 | 124,756 | 5,183 | 105,513 |
| Nokbeon-dong Mixed-use apartment building | Apr. 2023 | Apr. 2025 | 96.23 | 29,720 | 25,220 | 24,269 | 1,762 | 15,949 |
| Elif Mia station Complex 1 | May. 2023 | Aug. 2026 | 46.81 | 61,562 | 44,907 | 20,913 | 2,264 | 16,041 |
| Elif Mia station Complex 2 | May. 2023 | Aug. 2026 | 43.87 | 155,141 | 109,786 | 48,009 | 5,358 | 35,993 |
| ePyeonhansesang Pyeongchon Urban Valley | Apr. 2024 | Oct. 2026 | 30.41 | 399,869 | 397,970 | 120,831 | 19,899 | 74,533 |
| Digital Empire Pyeongchon Biz Valley | Apr. 2024 | Mar. 2027 | 31.09 | 352,769 | 146,625 | 38,825 | 18,437 | 32,276 |
| Anyang-dong Mixed-Use apartment building | Jan. 2025 | May. 2026 | 38.84 | 42,044 | 41,574 | 16,145 | 16,146 | 14,377 |
| | Total | | | ₩ 2,071,112 | ₩ 1,706,771 | ₩ 1,141,694 | ₩ 69,049 | ₩ 632,783 |

[1] Including the expected sales value for commercial buildings and efficiency apartments that are scheduled to be recognized as sales at a point in time when the construction is completed and control of the goods is transferred to the customer.

[2] Presenting the amount after deducting prepayment discounts, etc. from the total sales contract value.

[3] Excluding the revenue of ₩ 3,006 million recognized as sales at a point when the construction is completed and control of the goods is transferred to the customer for the three-month period ended March 31, 2025.

[4] Excluding cumulative costs of ₩ 293,584 million for common infrastructure.

## 18. Real Estate Pre-sales Contracts (cont'd)

(b) Details of receivables and payables for ongoing real estate pre-sale contracts as of March 31, 2026 and December 31, 2025 are as follows:

*(in millions of Korean won)*

| Construction project | March 31, 2026 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Revenue (cumulative) | | Cash collected, etc. (cumulative) | | Trade receivables for sale in lots[1] | | Advanced receipts for sale in lots[2] | |
| Suwon Hwaseo Prugio Briciel | ₩ | 747,946 | ₩ | 747,361 | ₩ | 587 | ₩ | 2 |
| ePyeonhansesang Daejeon station Centum Vista | | 175,484 | | 45,894 | | 130,303 | | 713 |
| Elif Mia station Complex 1 | | 36,334 | | 5,343 | | 31,359 | | 368 |
| Elif Mia station Complex 2 | | 86,437 | | 13,669 | | 74,327 | | 1,559 |
| ePyeonhansesang Pyeongchon Urban Valley | | 278,152 | | 86,947 | | 192,468 | | 1,263 |
| Digital Empire Pyeongchon Biz Valley | | 187,805 | | 15,608 | | 172,197 | | - |
| Anyang-dong Mixed-use building | | 36,042 | | - | | 36,042 | | - |
| Total | ₩ | 1,548,200 | ₩ | 914,822 | ₩ | 637,283 | ₩ | 3,905 |

[1] As of March 31, 2026, due from customers for contract assets is ₩ 600,663 million, and it will be reclassified to receivables in accordance with the billing schedule on the contract.

[2] Including advance receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.

*(in millions of Korean won)*

| Construction project | December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Revenue (cumulative) | | Cash collected, etc. (cumulative) | | Trade receivables for sale in lots[1] | | Advanced receipts for sale in lots[2] | |
| Suwon Hwaseo Prugio Briciel | ₩ | 747,946 | ₩ | 747,359 | ₩ | 587 | ₩ | - |
| ePyeonhansesang Daejeon station Centum Vista | | 168,764 | | 35,889 | | 133,588 | | 713 |
| Nokbeon-dong Mixed-Use apartment building | | 27,160 | | 27,160 | | - | | - |
| Elif Mia station Complex 1 | | 33,746 | | 5,366 | | 28,627 | | 247 |
| Elif Mia station Complex 2 | | 79,063 | | 13,572 | | 66,329 | | 838 |
| ePyeonhansesang Pyeongchon Urban Valley | | 247,899 | | 86,603 | | 161,861 | | 565 |
| Digital Empire Pyeongchon Biz Valley | | 144,691 | | 19,937 | | 124,754 | | - |
| Anyang-dong Mixed-use apartment building | | 31,545 | | - | | 31,545 | | - |
| Total | ₩ | 1,480,814 | ₩ | 935,886 | ₩ | 547,291 | ₩ | 2,363 |

[1] As of December 31, 2025, due from customers for contract assets is ₩ 526,952 million, and it will be reclassified to receivables in accordance with the billing schedule on the contract.

[2] Including advance receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.

### 18. Real Estate Pre-sales Contracts (cont'd)

(c) No material changes in estimated total contract revenues and total contract costs have occurred for the three-month period ended March 31, 2026. Estimated total contract revenue and total contract cost of the ongoing real estate pre-sale contracts are based on the circumstances that have occurred until March 31, 2026 and subject to change in the future.

(d) Details of receivables and payables in relation to real estate pre-sales contracts recognized at a point in time as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| Construction project | Trade receivables for sale in lots | Advanced receipts for sale in lots[1] | Trade receivables for sale in lots | Advanced receipts for sale in lots[1] |
| Suwon Hwaseo Prugio Briciel | ₩ - | ₩ 188 | ₩ - | ₩ 125 |
| ePyeonhansesang Daejeon station Centum Vista | - | 115 | - | 105 |
| Elif Mia station Complex 1 | - | 1,709 | - | 1,275 |
| Elif Mia station Complex 2 | - | 4,716 | - | 4,603 |
| Sangbong station Ubora First Live and Four Square | 9,549 | 361 | 9,549 | 176 |
| Goyang Ilsan Facilities for the Elderly and Child | - | 4,200 | - | 4,200 |
| Daegu Station Central Xi Commercial Complex | - | - | - | 58 |
| Total | ₩ 9,549 | ₩ 11,289 | ₩ 9,549 | ₩ 10,542 |

[1] Excluding advance receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.

## 19. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | **March 31, 2026** | | **March 31, 2025** |
|---|---|---|---|---|
| Salaries | ₩ | 85,969 | ₩ | 70,471 |
| Retirement and termination benefits | | 8,541 | | 55,855 |
| Employee welfare | | 10,561 | | 10,133 |
| Travel expenses | | 6,048 | | 4,654 |
| Communication cost | | 819 | | 794 |
| Utilities | | 3,792 | | 3,922 |
| Taxes and dues | | 2,121 | | 2,326 |
| Supplies | | 369 | | 524 |
| Rent | | 601 | | 842 |
| Depreciation | | 8,084 | | 7,952 |
| Amortization | | 3,913 | | 4,543 |
| Repairs and maintenance | | 2,163 | | 884 |
| Vehicles | | 795 | | 805 |
| Insurance | | 642 | | 534 |
| Commissions | | 35,502 | | 29,573 |
| Freight and custody | | 4,796 | | 5,394 |
| Conferences | | 866 | | 842 |
| Advertising | | 17,687 | | 18,894 |
| Education and training | | 2,182 | | 2,577 |
| Prizes and rewards | | 303 | | 560 |
| Research and development | | 10,421 | | 7,419 |
| Impairment loss on trade receivables | | 328 | | 29,102 |
| Total | ₩ | 206,503 | ₩ | 258,600 |

## 20. Other Income and Expense

(a) Details of other income for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | **March 31, 2026** | | **March 31, 2025** |
|---|---|---|---|---|
| Gain on foreign currency transaction | ₩ | 8,238 | ₩ | 3,998 |
| Gain on foreign currency translation | | 172,921 | | 51,603 |
| Gain on valuation of derivatives | | 180 | | 6,974 |
| Reversal of impairment loss on other receivables | | 174 | | 143 |
| Gain on disposal of property, plant and equipment | | 1,554 | | 25 |
| Gain on disposal of intangible assets | | - | | 3 |
| Gain on lease contract adjustments | | 2 | | - |
| Gain on disposal of assets held for sale | | 3,768 | | - |
| Miscellaneous income | | 1,390 | | 2,018 |
| Total | ₩ | 188,227 | ₩ | 64,764 |

(b) Details of other expense for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | **March 31, 2026** | | **March 31, 2025** |
|---|---|---|---|---|
| Loss on foreign currency transaction | ₩ | 9,042 | ₩ | 8,931 |
| Loss on foreign currency translation | | 33,304 | | 14,094 |
| Loss on valuation of derivatives | | 35,145 | | 8,906 |
| Loss on disposal of property, plant and equipment | | 378 | | 122 |
| Loss on disposal of intangible assets | | 36 | | 226 |
| Loss on impairment of intangible assets | | 316 | | 213 |
| Loss on disposal of assets held for sale | | 1,445 | | - |
| Loss on lease contract adjustments | | 12 | | 12 |
| Donations | | 596 | | 345 |
| Miscellaneous loss | | 165 | | 412 |
| Total | ₩ | 80,439 | ₩ | 33,261 |

## 21. Finance Income and Costs

Details of finance income and costs for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Finance income: | | | | |
| Interest income[1] | ₩ | 29,935 | ₩ | 28,114 |
| Dividend income | | 93,582 | | 15,245 |
| Gain on valuation of financial assets measured at fair value through profit or loss | | 1,746 | | 3,833 |
| Total finance income | ₩ | 125,263 | ₩ | 47,192 |
| Finance cost: | | | | |
| Interest expense | ₩ | 21,848 | ₩ | 9,212 |
| Loss on valuation of financial assets measured at fair value through profit or loss | | 1,631 | | 4,074 |
| Total finance cost | ₩ | 23,479 | ₩ | 13,286 |
| Net finance income | ₩ | 101,784 | ₩ | 33,906 |

[1] The interest income is generated from financial instruments measured at amortized cost.

## 22. Income Tax Expense and Deferred Tax Asset

(a) Income tax expense is recognized based on the best estimate of weighted average annual effective income tax rate expected for the full financial year. The average effective tax rates for each of the three-month periods ended March 31, 2026 and 2025 are 21.32% and 21.48%, respectively.

(b) The Company is subject to Pillar Two income taxes. As of March 31, 2026, the Company estimates that the impact of Pillar Two income taxes on its separate financial statements will be immaterial, in accordance with its assessment result identified so far. The Company will apply the temporary exception to the recognition and disclosure of deferred income tax assets and liabilities related to Pillar Two legislation.

## 23. Related Parties

(a) Details of the Company's related parties as of March 31, 2026 and December 31, 2025 are as follows:

| | | | Percentage of ownership (%) | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2026 | | | December 31, 2025 | | |
| Type | Name of entity | Location | Parent | Subsidiary | Total | Parent | Subsidiary | Total |
| Subsidiaries | Korea Ginseng Corporation | Korea | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Yungjin Pharm. Co., Ltd. | Korea | 52.45 | - | 52.45 | 52.45 | - | 52.45 |
| | Tae-A Industrial Co., Ltd. | Korea | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | KT&G Tuntun Mamulleri Sanyi ve Ticaret A.S. | Turkiye | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Korea Tabacos do Brasil Ltda. | Brazil | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| | KT&G Pars | Iran | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| | KT&G Rus L.L.C. | Russia | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | KT&G USA Corporation | USA | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Cosmocos Co., Ltd. | Korea | 98.56 | - | 98.56 | 98.56 | - | 98.56 |
| | Renzouluc Pte., Ltd.[11] | Singapore | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | PT Trisakti Purwosari Makmur[10] | Indonesia | 99.99 | - | 99.99 | 99.99 | - | 99.99 |
| | PT TSPM FLAVOR AND FRAGRANCE | Indonesia | - | 99.99 | 99.99 | - | 99.99 | 99.99 |
| | SangSang Stay Inc. | Korea | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | KT&G Global Rus L.L.C | Russia | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Gwacheon SangSang PFV. Inc | Korea | 51.00 | - | 51.00 | 51.00 | - | 51.00 |
| | KT&G Taiwan Corporation | Taiwan | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Mastern No.144 PFV Co., Ltd. | Korea | 92.50 | - | 92.50 | 92.50 | - | 92.50 |
| | KT&G Global Kazakhstan LLP | Kazakhstan | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | KT&G Kazakhstan LLP[1] | Kazakhstan | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | Edn the pine central Seocho Co., Ltd. | Korea | 78.65 | - | 78.65 | 78.65 | - | 78.65 |
| | Cheongna Medipolis Development Co., Ltd. | Korea | 66.67 | - | 66.67 | 66.67 | - | 66.67 |
| | KT&G Global TAS FE LLC[2] | Uzbekistan | 100.00 | - | 100.00 | 100.00 | - | 100.00 |
| | K&I China Co., Ltd. | China | - | 98.56 | 98.56 | - | 98.56 | 98.56 |
| | KGC Yebon Corporation | Korea | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | KGC Life & Gin Co., Ltd. | Korea | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Jilin Hanzheng Ginseng Co., Ltd. | China | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Cheong Kwan Jang Taiwan Corporation | Taiwan | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Korea Red Ginseng Corp., Inc. | USA | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Korea Ginseng (China) Corp. | China | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | Korea Ginseng Corp. Japan | Japan | - | 100.00 | 100.00 | - | 100.00 | 100.00 |
| | CENTRAL PHARM INC. | Korea | - | 50.01 | 50.01 | - | 50.01 | 50.01 |
| | Pacific 365, Inc | USA | - | 50.01 | 50.01 | - | 50.01 | 50.01 |
| | PT Nusantara Indah Makmur | Indonesia | - | 99.96 | 99.96 | - | 99.96 | 99.96 |
| Associates | LitePharmTech Co., Ltd.[3] | Korea | 12.53 | - | 12.53 | 12.53 | - | 12.53 |
| | KORAMCO Banpo PFV Co., Ltd.[3] | Korea | 18.95 | - | 18.95 | 18.95 | - | 18.95 |
| | KOCREF 41 REIT | Korea | 26.47 | - | 26.47 | 26.47 | - | 26.47 |
| | Cheongna Medipolis PFV Co., Ltd.[4] | Korea | 51.01 | - | 51.01 | 51.01 | - | 51.01 |
| | INNODIS Co., Ltd.[3] | Korea | 19.64 | - | 19.64 | 19.64 | - | 19.64 |
| | SJ BIO MED Co., Ltd.[3,5] | Korea | 14.39 | - | 14.39 | 14.39 | - | 14.39 |
| | LSK Global Pharma Services Co., Ltd. | Korea | 21.92 | - | 21.92 | 21.92 | - | 21.92 |
| | Mirae Asset KT&G Investment Fund I[6] | Korea | 45.00 | 5.00 | 50.00 | 45.00 | 5.00 | 50.00 |
| | KB KT&G New Growth Fund 1[7] | Korea | 66.67 | - | 66.67 | 66.67 | - | 66.67 |
| Joint ventures | KORAMCO Europe Private REIT 3-2 Fund[8] | Korea | 51.35 | - | 51.35 | 51.35 | - | 51.35 |
| | Starfield Suwon, Inc. | Korea | 50.00 | - | 50.00 | 50.00 | - | 50.00 |
| | ASF International Holding Company AB[8,9] | Sweden | 51.00 | - | 51.00 | 51.00 | - | 51.00 |
| Others | Sangsang Loft Co.,Ltd.[12] | Korea | - | - | - | 50.00 | - | 50.00 |

## 23. Related Parties (cont'd)

[1] For the year ended December 31, 2025, the Company acquired additional equity securities of ₩ 39,595 million of KT&G Kazakhstan LLP through issuance of new stocks.

[2] For the year ended December 31, 2025, the Company, acquired ₩ 27,753 million of KT&G Global TAS FE LLC through an investment establishment method.

[3] The Company has classified the ownership as investment in associates, notwithstanding its ownership percentage of less than 20%, as the Company determined it has a significant influence over the investee with its right to participate in the investee's Board of Directors meetings in accordance with the agreement with shareholders.

[4] The Company has classified its interests in the entity as investment in associates, as the three-fourths of the Board of Directors' consent is required in making decisions on material financial and operational policies in accordance with the agreement with shareholders.

[5] As of March 31, 2026, the liquidation procedures are in progress.

[6] The Company classified the ownership as investment in associates, as there are no arrangements that incur joint control among the partners, notwithstanding its consolidated ownership percentage of 50%.

[7] Although the percentage of ownership in the investee exceeds 50%, the Company classified its investments in the entity as investment in associates as an investment in associates as the Company does not have control over related activities and has significant influence through participating on investment decision-making authority.

[8] The Company has classified its interest in the entities as investment in joint ventures, since unanimous consent from all shareholders is required for making decisions on material financial and operational policies in accordance with the agreement with shareholders.

[9] For the year ended December 31, 2025, the Company acquired all of the shares of ASF International Holding Company AB for ₩ 271,366 million, and, in accordance with the shareholders' agreement, the Company disposed of a portion of the shares to Altria Ventures Inc. (the "joint investor") for ₩ 107,091 million. Under the shareholders' agreement between the Company and the joint investor, the Company has the right to purchase the joint investor's shares from the point when four years have elapsed after the closing date of the share purchase and new share subscription transactions, while the joint investor has the right to sell its shares in ASF International Holding Company AB to the Company from the point when five years have elapsed after the closing date. The Company added financial liabilities of ₩ 160,560 million related to these rights to the acquisition cost of the investment in joint ventures.

[10] For the year ended December 31, 2025, the Company acquired all of the equity securities in PT Trisakti Purwosari Makmur that had been held by Renzoluc Pte., Ltd.

[11] For the three-month period ended March 31, 2026, the Company converted its convertible preferred shares in Renzoluc Pte., Ltd. into 6,978,948 common shares at a 1:1 ratio, and additionally acquired 6,139,313 shares of Renzoluc Pte., Ltd. by converting unpaid dividends into common shares.

[12] For the three-month period ended March 31, 2026, upon completion of the liquidation registration, the entity was excluded from the scope of related parties.

## 23. Related Parties (cont'd)

(b) The Company carries out transactions with its related parties such as sales of goods and provision of services, etc. Details of transactions with the related parties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

① Sales and other income

*(in millions of Korean won)*

| Type | Name of entity | March 31, 2026 | March 31, 2025 |
|---|---|---|---|
| Subsidiaries | Korea Ginseng Corporation | ₩ 50,953 | ₩ 3,090 |
| | Youngjin Pharm. Co., Ltd. | 243 | 294 |
| | Tae-A Industrial Co., Ltd. | 204 | 594 |
| | KT&G Tutun Mamulleri Sanayi ve Ticaret A.S[1,2] | 4,067 | 25,020 |
| | Korea Tabacos do Brasil Ltda. | 839 | - |
| | KT&G Rus L.L.C. | 13,677 | 34,938 |
| | KT&G USA Corporation[1] | 5 | 5 |
| | Cosmocos Co., Ltd. | 34 | 30 |
| | Renzoluc Pte., Ltd. | 7,530 | - |
| | PT Trisakti Purwosari Makmur[1] | 51,916 | 33,613 |
| | SangSang Stay Inc. | 64 | 1,633 |
| | KT&G Global Rus L.L.C[1] | 86 | 1,359 |
| | Gwacheon SangSang PFV. Inc | 124 | 124 |
| | Edn the pine central Seocho Co., Ltd. | 9,000 | - |
| | KGC Yebon Corporation | 13 | 11 |
| | KGC Life & Gin Co., Ltd. | 12 | 12 |
| | KT&G Global Kazakhstan LLP | 641 | 701 |
| | KT&G Kazakhstan LLP | 3,053 | 3,760 |
| | KT&G Taiwan Corporation | 6,054 | 6,137 |
| | PT TSPM FLAVOR AND FRAGRANCE | 65 | - |
| Associates | KORAMCO Banpo PFV Co., Ltd. | 7,617 | - |
| Joint ventures | Starfield Suwon Inc. | 18,388 | 12,425 |
| Others | Sangsang Loft Co.,Ltd.[3] | 1 | 1 |
| | Total | ₩ 174,586 | ₩ 123,747 |

[1] Excluding reversal of impairment loss of ₩ 6,414 million and impairment loss of ₩ 27,869 million in relation to the related parties for each of the three-month periods ended March 31, 2026 and 2025.

[2] The amount of sales related to OEM transactions is presented before adjustment for subcontracting transactions.

[3] For the three-month period ended March 31, 2026, upon completion of the liquidation registration, the entity was excluded from the scope of related parties.

## 23. Related Parties (cont'd)

② Purchases and other expenses

*(in millions of Korean won)*

| Type | Name of entity | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|---|
| Subsidiaries | Korea Ginseng Corporation | ₩ | 412 | ₩ | 431 |
| | Youngjin Pharm. Co., Ltd. | | 143 | | 207 |
| | Tae-A Industrial Co., Ltd. | | 7,755 | | 11,673 |
| | KT&G Tuntun Mamulleri Sanyi ve Ticaret A.S.[1,2] | | 35,368 | | 17,462 |
| | KT&G USA Corporation[1] | | 4 | | 136 |
| | Cosmocos Co., Ltd. | | 6 | | 1 |
| | PT Trisakti Purwosari Makmur[1] | | 41 | | - |
| | SangSang Stay Inc. | | - | | 21 |
| | KT&G Global Kazakhstan LLP | | 475 | | - |
| | KGC Yebon Corporation | | 236 | | 239 |
| | Renzoluc Pte., Ltd. | | 286 | | 256 |
| | PT TSPM FLAVOR AND FRAGRANCE[3] | | 17,392 | | - |
| Associate | INNODIS Co., Ltd. | | - | | 25 |
| Joint venture | Starfield Suwon, Inc. | | 28 | | 27 |
| | Total | ₩ | 62,146 | ₩ | 30,478 |

[1] Excluding reversal of impairment loss of ₩ 6,414 million and impairment loss of ₩ 27,869 million in relation to the related parties for each of the three-month periods ended March 31, 2026 and 2025.

[2] The amount of purchases related to OEM transactions is presented before adjustment for subcontracting transactions.

[3] Considering the transaction structure and economic substance, the transaction with the entity was included as a related party transaction.

## 23. Related Parties (cont'd)

(c) Details of account balances of receivables and payables with the related parties as of March 31, 2026 and December 31, 2025 are as follows:

*(in millions of Korean won)*

| Type | Name of entity | March 31, 2026 Receivables | March 31, 2026 Payables | December 31, 2025 Receivables | December 31, 2025 Payables |
|---|---|---|---|---|---|
| Subsidiaries | Korea Ginseng Corporation[4] | ₩ 50,688 | ₩ 2,060 | ₩ 2,472 | ₩ 2,902 |
| | Youngjin Pharm. Co., Ltd.[6] | 5,590 | 50 | 5,346 | 50 |
| | Tae-A Industrial Co., Ltd. | - | 10,213 | - | 6,860 |
| | KT&G Tutun Mamulleri Sanayi ve Ticaret A.S.[1,3] | 100,418 | 25,492 | 93,604 | 7,004 |
| | Korea Tabacos do Brasil Ltda.[1,2,4] | 1,003 | - | 122 | - |
| | KT&G Pars[1,2] | 44,526 | - | 44,526 | - |
| | KT&G Rus L.L.C.[1] | 255,804 | - | 246,152 | 445 |
| | KT&G USA Corporation[1] | 3,272 | 383 | 3,285 | 480 |
| | Cosmocos Co., Ltd. | 30 | 2 | - | - |
| | SangSang Stay Inc. | 94 | - | 41 | 6 |
| | PT Trisakti Purwosari Makmur[1,2] | 916,931 | - | 768,955 | - |
| | KT&G Global Rus L.L.C. | 15,695 | - | 16,661 | - |
| | Gwacheon SangSang PFV. Inc[4] | 8,541 | 1,091 | 8,541 | 1,215 |
| | KT&G Taiwan Corporation | 3,678 | - | 2,969 | - |
| | KT&G Kazakhstan LLP | 2,626 | - | 3,048 | - |
| | KT&G Global Kazakhstan LLP[2] | 15,836 | - | 15,207 | - |
| | KGC Yebon Corporation | 13 | 6,561 | - | 6,741 |
| | Renzoluc Pte., Ltd. | - | 287 | - | 208 |
| | KT&G Global TAS FE LLC | 1 | - | 302 | - |
| | PT TSPM FLAVOR AND FRAGRANCE | 76 | - | 142 | - |
| Associate | KORAMCO Banpo PFV Co., Ltd.[4] | 3,827 | - | - | - |
| | INNODIS Co., Ltd. | - | - | - | 25 |
| Joint venture | Starfield Suwon, Inc. | 37 | 10 | 37 | 10 |
| Others | Sangsang Loft Co.,Ltd.[5] | - | - | - | 2 |
| | Total | ₩ 1,428,686 | ₩ 46,149 | ₩ 1,211,410 | ₩ 25,948 |

[1] Presented in total amount before deducting loss allowance of ₩ 128,288 million and ₩ 134,702 million as of March 31, 2026 and as of December 31, 2025.

[2] Including loans receivable to related parties.

[3] The amounts of receivables and payables related to OEM transactions are presented before adjustment for subcontracting transactions.

[4] Including other receivables in relation to dividends to related parties.

[5] For the three-month period ended March 31, 2026, upon completion of the liquidation registration, the entity was excluded from the scope of related parties.

[6] Including convertible bond investments of ₩ 5,100 million as of March 31, 2026 (as of December 31, 2025: ₩ 5,100 million).

## 23. Related Parties (cont'd)

(d) Purchase and sale of property, plant and equipment with related parties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | March 31, 2025 |
|---|---|---|---|
| Type | Name of entity | Sale of property, plant and equipment | Sale of property, plant and equipment |
| Subsidiaries | PT Trisakti Purwosari Makmur | ₩ 150 | ₩ 17 |

(e) Details of fund transactions with the related parties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | | | March 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Type | Name of entity | Equity recovery | Repayment of lease liabilities | Loan of fund | Dividends | Equity investment | Repayment of lease liabilities | Loan of fund | Dividends |
| Subsidiaries | Korea Ginseng Corporation | ₩ - | ₩ 51 | ₩ - | ₩ - | ₩ - | ₩ 49 | ₩ - | ₩ - |
| | KGC Yebon Corporation | - | 180 | - | - | - | 177 | - | - |
| | PT Trisakti Purwosari Makmur | - | - | 89,534 | - | - | - | 156,899 | - |
| | KT&G Kazakhstan LLP | - | - | - | - | 39,595 | - | - | - |
| | Edn the pine central Seocho Co., Ltd. | - | - | - | 9,000 | - | - | - | - |
| | KT&G Global TAS FE LLC | - | - | - | - | 27,753 | - | - | - |
| Associate | KORAMCO Banpo PFV Co., Ltd. | - | - | - | 3,790 | - | - | - | - |
| Joint venture | Starfield Suwon, Inc. | - | - | - | 18,388 | - | - | - | 12,425 |
| Others | Sangsang Loft Co.,Ltd. | 73 | - | - | - | - | - | - | - |
| | Total | ₩ 73 | ₩ 231 | ₩ 89,534 | ₩ 31,178 | ₩ 67,348 | ₩ 226 | ₩ 156,899 | ₩ 12,425 |

**23. Related Parties (cont'd)**

(f) As of March 31, 2026, KT&G Taiwan Corporation receives a payment guarantee from Citi Bank Taiwan (executed amount: TWD 200,000 thousand), for import clearance. The Company has a recourse liability up to the limit of TWD 700,000 thousand to Citi Bank Taiwan (see Note 25 (c)).

(g) During the three-month period ended March 31, 2026, the Company signed a financial support letter for its subsidiaries, Tae-A Industrial Co., Ltd., KT&G USA Corporation, Cosmocos Co., Ltd. and KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. to provide operating funds, debt repayment and other management-related business support.

(h) The Company established Starfield Suwon Inc., a 50:50 joint venture with Shinsegae Property Inc., for the year ended December 31, 2018. The disposal of the shares is restricted for 5 years from the date Starfield Suwon Inc.'s provisional operation is approved. In the event that the Company or the joint investor wishes to transfer all of its shares, the other party may elect to exercise the right of first refusal and the tag-along right.

(i) The Company has entered into a contribution agreement in relation to equity instruments of Cheongna Medipolis PFV Co., Ltd., an associate, with the ceiling of ₩ 101,000 million. As of December 31, 2025, a capital contribution has been completed. Furthermore, the equity shares shall not be transferred without the approval of Incheon Free Economic Zone and all the shareholders. In addition, when transferring the equity shares of Cheongna Medipolis PFV Co., Ltd., the equity shares of Cheongna Medipolis Development Co., Ltd., a subsidiary of the Company, shall also be transferred.

(j) The Company is required to obtain unanimous consent of other shareholders for disposal of the equity shares of Gwacheon Sangsang PFV. Inc.

(k) The Company has entered into a capital call agreement in relation to KORAMCO Europe Private REIT 3-2 Fund. The agreement may incur a payment obligation if the maturity exchange rate rises compared to the contractual exchange rate.

(l) The Company has entered into a capital contribution agreement in relation to Mirae Asset KT&G Investment Fund I and KB KT&G New Growth Fund 1, with the ceiling of ₩ 28,000 million. As of March 31, 2026, the remaining contribution amount is ₩ 4,000 million, and the detailed timeline for contribution is yet to be determined (see Note 25 (d)).

(m) The Company has a joint disposal right to require other investors to dispose of their ownership under the same condition of the Company's disposal of Mastern No. 144 PFV Co. Ltd.'s shares. Also, if the shareholders other than the Company dispose of the shares by obtaining the approvals from the Board of Directors and the general shareholders' meeting, the Company has the right of first refusal to purchase the shares under the condition notified by those shareholders. However, the right of first refusal is not an obligation, and the other investors will have delegated their right to dispose of the shares to the Company.

**23. Related Parties (cont'd)**

(n) The Company extended the maturity of the loan to PT Trisakti Purwosari Makmur amounting to USD 183,278 thousand during the three-month period ended March 31, 2026, and entered into agreements to extend the maturities of the loan to KT&G Global Kazakhstan LLP amounting to USD 10,000 thousand and the loan to PT Trisakti Purwosari Makmur amounting to USD 270,256 thousand, during the year ended December 31, 2025.

(o) As of March 31, 2026, the Company's holdings in Mastern No.144 PFV Co., Ltd. are pledged as a collateral for a loan of Gwacheon Sangsang PFV. Inc. and Edn the pine central Seocho Co., Ltd. (see Notes 8 and 25 (c)).

(p) The Company deferred the receipt of dividends amounting to ₩ 3,400 million, which were declared by its subsidiary Gwacheon Sangsang PFV. Inc. and Gwacheon SangSang PFV. Inc. entered into an agreement to lend the same amount to the Company's subsidiary, Mastern No. 144 PFV Co., Ltd. In the event that Mastern No.144 PFV Co. Ltd. fails to repay the loan by its maturity date (August 31, 2026), the unpaid amount will be deducted from the dividends to be received by the Company (see Note 25 (d)).

(q) For the year ended December 31, 2025, the Company established ASF International Holding Company AB ("ASF") with Altria Ventures Inc. (the "joint investor") with an investment ratio of 51:49 during the current period. The disposal of such shares held by the Company and the joint investor is restricted for five years from the effective date of the share purchase agreement. After this restriction period, in the event that the Company or the joint investor intends to transfer its shares, the other party may choose to exercise the right of first refusal to purchase the shares, the drag-along right, or the tag-along rights. In addition, the Company has the right to purchase the joint investor's shares beginning four years after the closing date of the share purchase and new share subscription transactions, while the joint investor has the right to sell its shares to the Company beginning five years after the closing date. The Company added a financial liability of ₩ 160,560 million related to these rights to the acquisition cost of the investments in joint ventures. In addition, under the shareholders' agreement, if certain events occur that result in a loss to the joint investor, the Company is required to ensure that such loss is first covered using ASF's surplus available for dividends. In case the surplus available for dividends are insufficient to fully cover the loss, the Company is obligated to make monetary payment to the joint investor for the uncovered loss amount, for up to the agreed amount specified in the shareholders' agreement. As of March 31, 2026, such events have not occurred, and it is not possible to reasonably estimate whether such events will occur in the future or the amount thereof (see Note 25 (d)).

(r) The Company acquired convertible bonds amounting to ₩ 5,100 million issued by its subsidiary, Yungjin Pharm. Co., Ltd., during the year ended December 31, 2025. The convertible bonds have a maturity of five years, and both the coupon rate and the yield to maturity are 0%. The Company may request conversion of the bonds from November 28, 2026 to October 28, 2030 at a conversion price of ₩ 1,999 per share. In addition, the Company holds an early redemption right that allows it to demand early redemption every three months after 30 months from the issuance date.

## 23. Related Parties (cont'd)

(s) Details of Key management personnel compensation for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | **March 31, 2026** | | **March 31, 2025** |
|---|---|---|---|---|
| Long and short-term employee benefits | ₩ | 7,992 | ₩ | 5,918 |
| Retirement benefits | | 575 | | 620 |
| Share-based payments | | 938 | | 505 |
| Total | ₩ | 9,505 | ₩ | 7,043 |

## 24. Risk Management and Fair Value of Financial Instruments

In relation to financial instruments, the Company is exposed to market risk, credit risk and liquidity risk. The purpose of risk management of the Company is to identify potential risks affecting the financial performance of the Company and to eliminate, avoid and reduce them to an acceptable level. The Company prepares and operates the companywide risk management policies and procedures and the finance department of the Company has overall responsibility for risk management. The finance department of the Company is responsible for monitoring and managing the financial risks associated with the operations of the Company in accordance with the risk management policies and procedures approved by the board of directors, and it periodically analyzes the nature and exposure of the financial risks. In addition, the Company's management continuously reviews compliance with risk management policies and procedures limits on risk exposure. The Company’s overall financial risk management strategy is the same as that of the previous fiscal year.

(a) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and prices of equity securities – will affect the fair value or future cash flows of the Company’s financial instruments. The Company manages and controls market risk exposures within the acceptable limits, while optimizing the revenue.

① Foreign exchange risk

The Company is exposed to the risk of changes in foreign exchange rates in relation to the export of manufactured tobacco and the import of tobacco leaves, etc. The Company’s management measures the risk of fluctuations in foreign exchange rates against the Korean won internally on a regular basis.

② Price risk

The Company is exposed to other price risks related to fluctuations of fair values and future cash flows of assets measured at fair value through other comprehensive income or loss, which may be caused by the changes in market prices of listed stocks the Company invests in. Company management regularly measures the risk that the fair values or future cash flows may fluctuate due to the changes in market prices of the listed stocks the Company invests in. Material investments in the Company’s portfolio are individually managed, for which acquisitions and disposals are required to be approved by the Company management.

**24. Risk Management and Fair Value of Financial Instruments (cont'd)**

③ Interest rate risk

The Company is exposed to interest rate fluctuation risk in relation to the borrowings, trade payables and other payables and lease liabilities. The management of the Company regularly measures the risk of changes in the fair value or future cash flows of the financial instrument due to changes in the market interest rate, maintaining an appropriate balance between fixed and variable interest borrowings. Considering the size of the interest bearing liabilities of the Company as of March 31, 2026, the effect of changes in interest rates on the fair values of financial liabilities or future cash flows is immaterial.

(b) Credit risk

The Company is exposed to credit risk that one of the contracting parties to the financial instrument may incur financial losses to the other party due to the failure of performing its obligations. To manage such credit risk, the Company's management only transacts with parties with creditworthiness over a certain level, and establishes and manages the credit enhancement policies and procedures for financial assets. The Company evaluates the creditworthiness of new contract parties using the financial information disclosed upon entering into a contract and the information provided by the credit rating agency, which provides the basis for determining credit limits; the Company then receives collaterals and/or payment guarantees as necessary. In addition, the Company periodically reassesses the credit limits and readjusts the collaterals by reassessing the contract party's creditworthiness, and for financial assets with delayed collection, their status and collection strategies are reported quarterly and appropriate measures are taken based on the reasons for delay.

As of March 31, 2026 and December 31, 2025, the carrying amounts of financial assets present the maximum exposure to credit risk.

(c) Liquidity risk

The Company is exposed to liquidity risk that it will face difficulty in meeting its obligations related to financial liabilities that are settled by delivering cash etc., or other financial assets. To manage liquidity risk, the management of the Company establishes short and mid-to-long term financial management plan and continuously analyzes and reviews the cash outflow budget and actual cash outflows to respond to the maturity of financial liabilities and financial assets. The management of the Company determines that it can repay the financial liabilities using cash flows from operating activities and cash inflows from financial assets.

## 24. Risk Management and Fair Value of Financial Instruments (cont'd)

(d) The carrying amounts of each category of financial instruments as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | December 31, 2025 |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets measured at fair value through profit or loss | ₩ | 448,690 | ₩ | 331,578 |
| Financial assets measured at fair value through other comprehensive income or loss | | 108,654 | | 156,107 |
| Derivative assets | | 2,529 | | 4,965 |
| Financial assets measured at amortized cost | | | | |
| Cash and cash equivalents | | 138,818 | | 134,151 |
| Other financial assets | | 170,246 | | 168,617 |
| Trade and other receivables | | 2,704,192 | | 2,425,149 |
| Long-term deposits | | 1,744,961 | | 1,676,086 |
| Subtotal | | 4,758,217 | | 4,404,003 |
| Total financial assets | ₩ | 5,318,090 | ₩ | 4,896,653 |
| Financial liabilities: | | | | |
| Derivative liabilities | ₩ | 23,485 | ₩ | 8,540 |
| Financial liabilities measured at amortized cost | | | | |
| Short-term borrowings | | 195,000 | | 300,000 |
| Bonds | | 1,261,010 | | 1,237,092 |
| Trade and other payables | | 1,706,328 | | 1,092,744 |
| Lease liabilities | | 17,463 | | 18,432 |
| Subtotal | | 3,179,801 | | 2,648,268 |
| Total financial liabilities | ₩ | 3,203,286 | ₩ | 2,656,808 |

(e) When measuring the fair value of an asset or a liability, the Company uses observable inputs in the market as much as possible. Fair value is classified within the fair value hierarchy based on the inputs used in the valuation technique as follows:

| | Inputs used |
|---|---|
| Level 1 | Unadjusted quoted price in an active market accessible at the measurement date for the same asset or liability |
| Level 2 | Inputs that are observable directly or indirectly for an asset or liability other than the quoted price of Level 1 |
| Level 3 | Unobservable inputs for an asset or liability |

## 24. Risk Management and Fair Value of Financial Instruments (cont'd)

Details of the fair values measurements classified by fair value hierarchy as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | Fair value | | | | | |
| | | | Level 1 | | Level 2 | | Level 3 | |
| Financial assets measured at fair value through profit or loss | ₩ | 448,690 | ₩ | - | ₩ | 127,616 | ₩ | 321,074 |
| Financial assets measured at fair value through other comprehensive income or loss | | 108,654 | | 100,991 | | - | | 7,663 |
| Derivative assets | | 2,529 | | - | | 2,529 | | - |
| Total financial assets | ₩ | 559,873 | ₩ | 100,991 | ₩ | 130,145 | ₩ | 328,737 |
| Derivative liabilities | ₩ | 23,485 | ₩ | - | ₩ | 23,485 | ₩ | - |

| *(in millions of Korean won)* | December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | Fair value | | | | | |
| | | | Level 1 | | Level 2 | | Level 3 | |
| Financial assets measured at fair value through profit or loss | ₩ | 331,578 | ₩ | - | ₩ | 7,779 | ₩ | 323,799 |
| Financial assets measured at fair value through other comprehensive income or loss | | 156,107 | | 148,444 | | - | | 7,663 |
| Derivative assets | | 4,965 | | - | | 4,965 | | - |
| Total financial assets | ₩ | 492,650 | ₩ | 148,444 | ₩ | 12,744 | ₩ | 331,462 |
| Derivative liabilities | ₩ | 8,540 | ₩ | - | ₩ | 8,540 | ₩ | - |

There was no movement between the levels of fair value hierarchy for the three-month period ended March 31, 2026 and the year ended December 31, 2025.

As of March 31, 2026 and December 31, 2025, the fair value of investment trust's equity securities classified as financial assets at fair value through profit or loss (other comprehensive income or loss) was measured using the adjusted net asset method and the discounted cash flow, and was classified as Level 3 fair value based on the inputs used in the valuation technique.

## 24. Risk Management and Fair Value of Financial Instruments (cont'd)

Changes in Level 3 fair value for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | March 31, 2025 |
|---|---|---|---|---|
| Beginning balance | ₩ | 331,462 | ₩ | 352,924 |
| Acquisition | | 5,643 | | 13,514 |
| Disposal | | (8,171) | | (606) |
| Changes in fair value | | (197) | | (2,766) |
| Ending balance | ₩ | 328,737 | ₩ | 363,066 |

(f) Details of net gains or losses on financial instruments by category for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | March 31, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income or loss | Derivatives | Financial assets measured at amortized cost | Financial liabilities measured at amortized cost | Total |
| Profit for the period: | | | | | | |
| Interest income | ₩ - | ₩ - | ₩ - | ₩ 29,935 | ₩ - | ₩ 29,935 |
| Dividend income | 997 | 1,013 | - | - | - | 2,010 |
| Loss on valuation | 115 | - | (34,965) | - | - | (34,850) |
| Loss on lease contract adjustments | - | - | - | - | (10) | (10) |
| Interest expense | - | - | - | - | (21,848) | (21,848) |
| Impairment loss | - | - | - | (154) | - | (154) |
| Total | ₩ 1,112 | ₩ 1,013 | ₩ (34,965) | ₩ 29,781 | ₩ (21,858) | ₩ (24,917) |
| Other comprehensive income before tax: | | | | | | |
| Net change in fair value | ₩ - | ₩ 18,214 | ₩ - | ₩ - | ₩ - | ₩ 18,214 |

| *(in millions of Korean won)* | March 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income or loss | Derivatives | Financial assets measured at amortized cost | Financial liabilities measured at amortized cost | Total |
| Profit for the period: | | | | | | |
| Interest income | ₩ - | ₩ - | ₩ - | ₩ 28,114 | ₩ - | ₩ 28,114 |
| Dividend income | 818 | 2,003 | - | - | - | 2,821 |
| Gain or loss on valuation | (241) | - | (1,932) | - | - | (2,173) |
| Gain on lease contract adjustments | - | - | - | - | (12) | (12) |
| Interest expense | - | - | - | - | (9,212) | (9,212) |
| Impairment loss | - | - | - | (28,960) | - | (28,960) |
| Total | ₩ 577 | ₩ 2,003 | ₩ (1,932) | ₩ (846) | ₩ (9,224) | ₩ (9,422) |
| Other comprehensive loss before tax: | | | | | | |
| Net change in fair value | ₩ - | ₩ (2,225) | ₩ - | ₩ - | ₩ - | ₩ (2,225) |

## 25. Contingent Liabilities and Commitments

(a) Litigation cases

As of March 31, 2026, the Company is involved in 10 cases of pending litigations where the Company is the defendant and the litigation amounts are ₩ 156,650 million. It is not possible to reasonably estimate the impact of the outcome of the pending litigation on the separate financial statements of the Company as of March 31, 2026.

(b) Commitments with financial institutions

Details of the Company's major arrangements with financial institutions as of March 31, 2026 are as follows:

*(in millions of Korean won or thousands of US dollars)*

| Type | Financial institutions | Currency | Limit | Execution |
|---|---|---|---|---|
| Opening import letter of credits | Hana Bank | USD | 200,000 | 71,035 |
| Derivatives trading[1] | Hana Bank and six others | USD | 242,883 | 36,058 |
| Limit loan | NH Bank and three others | KRW | 800,000 | 195,000 |

[1] Derivatives are composed of foreign exchange forward contracts and are held for trading as of March 31, 2026.

As of March 31, 2026, the Company has a short-term export credit insurance contract with Korea Trade Insurance Corporation (covered amount: USD 162,423 thousand, EUR 600 thousand) related to the overseas export of manufactured cigarettes and other products.

(c) Payment guarantees and collaterals

Details of payment guarantees and collaterals provided by other parties to the Company as of March 31, 2026 are as follows:

*(in millions of Korean won or thousands of US dollars)*

| Provider | Currency | Limit | Details |
|---|---|---|---|
| Korea Housing & Urban Guarantee Corporation | KRW | 238,332 | Housing distribution guarantee, etc. |
| Seoul Guarantee Insurance | KRW | 7,784 | License guarantee, etc. |
| Hana Bank | USD | 7,500 | Performance and tender guarantee related to exporting reconstituted tobacco leaves |
| Hana Bank | KRW | 31,000 | Payment guarantee for tobacco consumption tax |

As of March 31, 2026, KT&G Taiwan Corporation receives a payment guarantee from Citi Bank Taiwan (executed amount: TWD 200,000 thousand) for import clearance. The Company has a recourse liability up to the limit of TWD 700,000 thousand to Citi Bank Taiwan.

## 25. Contingent Liabilities and Commitments (cont'd)

Details of payment guarantees provided by the Company for other parties as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | | March 31, 2026 | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| **Guarantee user** | **Guaranteed by** | **Limit amount** | **Execution amount** | **Limit amount** | **Execution amount** | **Details of guarantee** |
| Buyer of ePyeonhansesang Daejeon station Centum Vista | Hana Bank | ₩ 8,000 | ₩ 5,004 | ₩ 8,000 | ₩ 3,019 | Loan guarantee for the intermediate payment of off-plan sales construction[1] |
| Buyer of Digital Empire Pyeongchon Biz Valley | Hana Bank | 66,960 | 32,731 | 66,960 | 30,544 | Loan guarantee for the contract deposit and the intermediate payment of off-plan sales construction |

[1] The limit amount of the loan guarantee for the intermediate payment of off-plan sales construction excludes the portion of guarantees provided by Korea Housing & Urban Guarantee Corporation (80%).

Details of assets pledged as collaterals as of March 31, 2026 are as follows:

| *(in millions of Korean won)* | **Carrying amount** | **Debt amount** | **Collateralized amount** | **Collateral holder** | **Type** |
|---|---|---|---|---|---|
| Investment property. etc. | ₩ 201,232 | ₩ 16,986 | ₩ 19,212 | BGF Retail Co.,Ltd., etc. | Establishment of right to collateral security on rent deposits/Establishment of lease contracts |
| Cash and cash equivalents | 4,201 | - | 15,120 | HHR Real Estate General Private Investment Company No.16 | Payment restriction for the purpose of the sale of the Goyang Facilities for the Elderly and Child[1] |
| Other financial assets | 600 | - | 720 | Suhyup Bank | Establishment of pledge related to loan arrangement for Elif Mia contract deposit |
| | 100 | 100 | 100 | Kyobo Book Center Co.,Ltd. | Establishment of a pledge for leasehold deposits |
| | 37,880 | 45,829 | 37,880 | Suwon City | Establishment of a pledge for suwon daeyupyeong district underpass |
| Financial assets at fair value through profit or loss | 5,163 | - | 5,280 | Suhyup Bank | Establishment of pledge related to loan arrangement for Elif Mia contract deposit |
| Investments in suabsidiaries | 11,260 | - | 5,551 | Gwacheon Sangsang PFV. Inc., Edn the pine central Seocho Co., Ltd. | Collateral for PF Loan of Mastern No.144 PFV Co., Ltd.[2] |
| Total | ₩ 260,436 | ₩ 62,915 | ₩ 83,863 | | |

[1] Comprehensive collateral has been established on the account designated for receiving the contract deposit and intermediate payments related to the sale of Goyang branch, facility for the elderly and children, which includes the expected amount of the intermediate payment to be deposited.

[2] In relation to the loan agreement of Mastern No.144 PFV Co., Ltd., the Company's equity interests in Mastern No. 144 PFV Co., Ltd. are subject to first- and second-priority pledges amounting to KRW 4,420 million (collateral holder: Gwacheon Sangsang PFV Co., Ltd.) and KRW 1,131 million (collateral holder: Eden the pine central Seocho Co., Ltd.), respectively.

## 25. Contingent Liabilities and Commitments (cont'd)

Details of restricted financial assets as of March 31, 2026 and December 31, 2025 are as follows:

| *(in millions of Korean won)* | | | **March 31, 2026** | | **December 31, 2025** |
|---|---|---|---|---|---|
| Cash and cash equivalents | Payment restriction for the purpose of the sale of the Goyang Facilities for the Elderly and Child | ₩ | 4,201 | ₩ | 4,201 |
| Other financial assets | Establishment of a pledge for leasehold deposits | | 100 | | 100 |
| | Establishment of a pledge for suwon Daeyupyeong district underpass | | 37,880 | | 37,880 |
| | Deposit in the Accompanied Growth Cooperation Loan Fund | | 100,000 | | 100,000 |
| | Establishment of pledge related to loan arrangement for Elif Mia contract deposit | | 600 | | 600 |
| | Security deposits for checking accounts | | 2 | | 2 |
| Financial assets measured at fair value through profit or loss | Establishment of pledge related to loan arrangement for Elif Mia contract deposit | | 5,163 | | 5,139 |
| | Total | ₩ | 147,946 | ₩ | 147,922 |

The contracted amount for the acquisition of major items of property, plant and equipment that has not yet been incurred as of March 31, 2026, is ₩ 94,920 million.

## 25. Contingent Liabilities and Commitments (cont'd)

(d) Others

Each year, the Company deposits a certain proportion of the United States bound tobacco sales proceeds into the US state government in accordance with the Tobacco Master Settlement Agreement ("MSA") legislated under the Escrow Statute of the US. According to the Escrow Statute, if the Company inflicts damage on tobacco consumers due to any illegal activities committed by the Company and leads the US state government to spend medical expenditure accordingly, the deposits in the MSA Escrow Fund may be used for the state government's medical expenditures. Otherwise, the fund will be refunded to the Company, in whole, after 25 years from each date of deposit. The Company recognized ₩ 1,744,961 million in long-term deposits for MSA Escrow Fund as of March 31, 2026 (December 31, 2025: ₩ 1,676,086 million), and they consist of US treasury bonds, and demand deposits. For the year ended December 31, 2025, refund of the funds that have been deposited for 25 years from the date of deposit was initiated.

The Company established Starfield Suwon Inc., a 50:50 joint venture with Shinsegae Property Inc., for the year ended December 31, 2018. The disposal of the shares is limited for 5 years from the date Starfield Suwon Inc.'s temporary operation is approved. In the event that the Company or the joint investor wishes to transfer all of its shares, the other party may elect to exercise the right of first refusal and the tag-along right.

As of March 31, 2026, the Company has entered into currency hedge capital call agreement in relation to the Company's overseas real estate funds. The agreement might have a payment obligation if the maturity exchange rate rises compared to the contractual exchange rate. The amount of payment obligation during the three-month period ended March 31, 2026 is ₩ 220 million.

The Company has entered into a capital contribution agreement in relation to the debt instruments and associates of Mirae Asset KT&G Investment Fund I, KB KT&G New Growth Fund 1, and Smilegate New Deal Fund, etc., with the ceiling of ₩ 119,000 million and USD 37,000 thousand. As of March 31, 2026, the remaining contribution amount is ₩ 11,202 million and USD 11,683 thousand, and the detailed timeline for contribution is yet to be determined.

The Company is required to obtain the unanimous consent of other shareholders for disposal of the equity shares of Gwacheon Sangsang PFV. Inc.

The Company has entered into a contribution agreement in relation to equity instruments of Cheongna Medipolis PFV Co., Ltd., an associate, with the ceiling of ₩ 101,000 million. As of March 31, 2026, a capital contribution has been completed. Furthermore, the equity shares shall not be transferred without the approval of Incheon Free Economic Zone and all the shareholders. In addition, in the event of transfer of equity shares in Cheongna Medipolis PFV Co., Ltd., the equity shares of Cheongna Medipolis Development Co., Ltd, a subsidiary of the Company, should also be transferred.

**25. Contingent Liabilities and Commitments (cont'd)**

The Company has a joint disposal right to require other investors to dispose of their ownership under the same conditions of the Company's disposal of Mastern No.144 PFV Co., Ltd.'s shares. Also, if the shareholders other than the Company dispose of the shares by obtaining the approvals from Board of Directors and at Shareholders, the Company has the right of first refusal purchase the shares under the condition notified by those shareholders. However, the right of first refusal is not an obligation, and the other investors will have delegated their right to dispose of the shares to the Company.

The Company deferred the receipt of dividends amounting to ₩ 3,400 million, which were declared by its subsidiary, Gwacheon Sangsang PFV. Inc., and Gwacheon Sangsang PFV. Inc. entered into an agreement to lend the same amount to the Company's subsidiary, Mastern No.144 PFV Co., Ltd. In the event that Mastern No.144 PFV Co., Ltd. fails to repay the loan by its maturity date (August 31, 2026), the outstanding amount will be deducted from the dividends to be received by the Company.

As of March 31, 2026, the Company is being provided with a commitment to complete the construction and guarantee from contractors and mutual aid associations for the sale contract (ePyeonhansesang Daejeon Station Centum Vista, etc.) proceeded by the Company.

The Company is obligated to return infrastructure such as roads and neighbourhood parks to Suwon City for free related to sales project in Suwon Daeyupyeong district. And as blocks 1, 2, and 3 of Suwon Daeyupyeong district were completed in September 2023, additional expected costs due to fulfillment of infrastructure-related obligations were reflected in construction costs for the year ended December 31, 2025 (see Note 18).

In relation to the sales project of Elif Mia station Complex 1 and 2, the Company has an obligation to sell a portions of the residential facilities built by the Company at a low price to Seoul-City and to contribute certain portions of the commercial facilities to the local government, and easements have been established with respect to certain portions of the roads.

In relation to the sales project of Digital Empire Pyeongchon Biz Valley and ePyeonhansesang Pyeongchon Urban Valley, the Company has an obligation to donate park and roads located in the district and a portion of the facilities built by the Company to Anyang City.

In connection with the ePyeonhansesang Daejeon Station Centum Vista sales project, the Company has an obligation to donate the roads and the expanded school facilities to the Daejeon-City.

**25. Contingent Liabilities and Commitments (cont'd)**

As of March 31, 2026, in relation to the ePyeonhansesang Daejeon Station Centum Vista sales project, the Company has agreed with the constructor (DL Construction Co., Ltd.) to compensate for the debts incurred by the purchaser due to termination of the contract for reasons attributable to purchaser and failure to repay borrowings amounting to ₩ 5,666 million.

For the year ended December 31, 2022, in relation to the construction of residential and commercial complexes in Sangbong-dong, the Company has reached an agreement with Bando Engineering & Construction Co., Ltd. to resolve the dispute over increase in construction costs related to the permission for change through arbitration judgement ordered by Korea Commercial Arbitration Board. For the progress of the construction, the Company also promised to pay ₩ 10 billion to Bando Engineering & Construction Co., Ltd. in installment according to the completion rate until the point of completion. The construction was completed for the year ended December 31, 2023 but the arbitration is in progress and the ultimate outcome of the arbitration is unpredictable as of March 31, 2026.

For the three-month period ended March 31, 2026, the Company signed a financial support letter for its subsidiaries, Tae-A Industrial Co., Ltd., KT&G USA Corporation, Cosmocos Co., Ltd., and KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. to provide operating funds, debt payment and other management-related business support.

As of March 31, 2026, the Company and KT&G USA Corporation received a notification from the US Department of Justice ("DOJ") to submit a comprehensive document on the regulatory compliance status of tobacco products sold in the US, for which the investigation is underway. The Company and KT&G USA Corporation cannot predict the ultimate outcome of the investigation and its impact as of March 31, 2026.

The Company's subsidiaries are engaged in manufacturing and selling tobacco in Russia. As of March 31, 2026, the US and other countries have imposed the economic sanctions on Russia, including restrictions on SWIFT international payment network. The ultimate impact of such sanctions on the Company's business in Russia and its financial position therein cannot be reasonably estimated as of March 31, 2026.

**25. Contingent Liabilities and Commitments (cont'd)**

The Company established ASF International Holding Company AB ("ASF") with Altria Ventures Inc. (the "joint investor") with an investment ratio of 51:49 during 2025. The disposal of such shares held by the Company and the joint investor is restricted for five years from the effective date of the share purchase agreement. After this restriction period, in the event that the Company or the joint investor intends to transfer its shares, the other party may choose to exercise the right of first refusal, the drag-along right, or the tag-along right. In addition, the Company has the right to purchase the joint investor's shares beginning four years after the closing date of the share purchase and new share subscription transactions, while the joint investor has the right to sell its shares to the Company beginning five years after the closing date. The Company added a financial liability of ₩ 160,560 million related to these rights to the acquisition cost of investments in joint ventures. In addition, under the shareholders' agreement, if certain events occur that result in a loss to the joint investor, the Company is required to ensure that such loss is first covered using ASF's surplus available for dividends. In case the surplus available for dividends is insufficient to fully cover the loss, the Company is obligated to make monetary payment to the joint investor for the uncovered loss amount, for up to the agreed amount specified in the shareholders' agreement. As of March 31, 2026, no such event has occurred, and it is not possible to reasonably estimate whether such an event will occur in the future or the amount thereof.

## 26. Cash Flows

Details of cash generated from operations for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

| *(in millions of Korean won)* | | **March 31, 2026** | | **March 31, 2025** |
|---|---|---|---|---|
| Profit for the period | ₩ | 365,642 | ₩ | 207,633 |
| Adjustments: | | | | |
| Employee welfare | | 1,917 | | 1,843 |
| Retirement benefits and termination benefits | | 9,085 | | 35,220 |
| Loss (reversal of loss) on valuation or obsolescence of inventories | | 3,407 | | (2,963) |
| Depreciation | | 39,600 | | 36,392 |
| Amortization | | 5,781 | | 5,804 |
| Impairment loss on trade and other receivables | | 154 | | 28,959 |
| Loss on foreign currency translation | | 33,304 | | 14,094 |
| Loss on valuation of derivatives | | 35,145 | | 8,906 |
| Loss on disposal of property, plant and equipment | | 378 | | 122 |
| Loss on disposal of intangible assets | | 36 | | 226 |
| Loss on impairment of intangible assets | | 316 | | 213 |
| Loss on disposal of assets held for sale | | 1,445 | | - |
| Other expenses, etc. | | 3,172 | | 1,946 |
| Finance cost | | 23,479 | | 13,286 |
| Share-based payment expenses | | 1,009 | | 895 |
| Income tax expense | | 99,056 | | 56,808 |
| Gain on foreign currency translation | | (172,921) | | (51,603) |
| Gain on valuation of derivatives | | (180) | | (6,974) |
| Gain on disposal of property, plant and equipment | | (1,554) | | (25) |
| Gain on disposal of intangible assets | | - | | (3) |
| Gain on disposal of assets held for sale | | (3,768) | | - |
| Other income, etc. | | (2,026) | | (3,989) |
| Finance income | | (125,263) | | (47,192) |
| Changes in working capital: | | | | |
| Decrease (increase) in trade and other receivables | | (53,074) | | 6,563 |
| Decrease (increase) in derivatives assets (liabilities) | | (17,584) | | (22,615) |
| Decrease (increase) in inventories | | (7,078) | | 6,608 |
| Decrease in accrued tobacco excise tax payables and others | | 4,913 | | 9,771 |
| Increase in advance payments | | (701) | | (793) |
| Decrease (increase) in prepaid expenses | | 2,167 | | (10,271) |
| Increase (decrease) in trade and other payables | | 41,649 | | (58,162) |
| Increase in advance receipts | | 61,089 | | 22,234 |
| Decrease in tobacco excise and other taxes payable | | (39,098) | | (22,789) |
| Decrease (Increase) in net defined benefit assets (liabilities) | | 3,566 | | (5,338) |
| Cash generated from operations | ₩ | 313,063 | ₩ | 224,806 |

## 27. Events After the Reporting Period

On April 23, 2026, the Company has retired 10,866,189 treasury shares in accordance with the resolution of the Board of Directors on April 16, 2026.

Sangsang Stay Co., Ltd., a subsidiary of the Company, reduced its capital by canceling 11,840,000 common shares through a share consolidation, pursuant to a resolution of its board of directors on April 7, 2026. In addition, pursuant to a resolution of the Company’s board of directors on May 7, 2026, the Company plans to make an in-kind contribution of its land and buildings to Sangsang Stay Co., Ltd.